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NEWS SUMMARY

GENERAL

Four quizzed on Pc bombing

Anti-terrorist squad detectives were questioning four men in connection with the bomb blast last month at Catford police station, south London, which seriously injured PC Stephen Hickling, 19.

Police said the four had no political connections.

A fund for PC Hickling, who lost his right arm and had his sight damaged in the blast, has already exceeded £40,000.

Bullion charges

Four men charged with armed robbery in connection with the £3m silver bullion raid at Barking, Essex, will appear at Highgate today.

Storm deaths

Lightning killed two schoolboys, one in Accrington, Lancs., the other in Brownhills, Staffs. In Nairn, near Inverness, nine people were injured by hailstones as the heatwave ended. Forecast, Back page

Robbery arrests

Police investigating about 100 armed robberies arrested 29 people in southern England and Wales following an underworld tip.

Crime crackdown

Operational head of Scotland Yard's CID David Powis claimed there were no more than a dozen "hardcore villains" left in London, and the Yard might soon break the back of organised crime in the capital.

Road schemes hit

More than 100 road schemes have been shelved by the Government because of public spending cuts, says a White Paper on the road programme. Back and Page 9; Editorial Comment, Page 22

Heart transplant

John Pnwer, 36, of Manchester, died ten weeks after receiving a new heart at Papworth hospital, Cambridge. Andrew Paterson, 22, was unconscinus at the hospital after receiving a teenager's heart.

Raid foiled

Two people were stabbed as they struggled with three masked raiders and foiled a wages snatch at Courtaulds, Aintree, Liverpool.

Train crash

Thirty people were injured in a train crash at Partick, near Glasgow. Several were detained in hospital.

Sentence cut

Rugby player Christopher Gingell, 40, jailed for six months for breaking an opponent's jaw during a friendly match, had his sentence cut to two months by the Court of Appeal.

Granada appeal

Granada Television won its plea to the Lords for a final challenge to a court ruling that it must name the British Steel employee who leaked confidential documents. Page 7, Men and Matters Page 22

Travel perk

London employers were offered the chance to bulk-buy special Underground and bus tickets which could be a tax-free perk for employees. Page 9

Briefly . . .

England were 243-7 at the close of the first day of the Cornhill Test against West Indies at Trent Bridge.

Tourists are paying about £3 a night to stay in renovated jail cells in Verberg, Sweden.

BUSINESS

Gilts improve; Gold up $10

● GILTS improved with the continuing decline in U.S. prime rates. Shorts gained ⅛, and medium and longs up to ⅜. The Government Securities index was up 0.39 at 67.75. Page 38.

● EQUITIES opened with enthusiasm but faded with the news of BP's uninspiring first quarter profit. The FT 30-share index finished 0.4 up at 423.4. Page 38

● GOLD continued its advance in London on fears of a new drop in U.S. interest rates and a new oil price rise. It rose $10 to $587.5. Page 31.

● SILVER was up 34.35p an ounce in London at £6.975.

● STERLING showed little movement in quiet trading. It closed at $2.3310, up 0.825 cents, and its trade-weighted index was up 73.7 (73.4). Page 31

● DOLLAR recorded little change, closing at DM 1.7740 (DM 1.7735). Its trade-weighted index fell 0.2 to 83.7. Page 31

● WALL STREET was 4.44 up at 862.46 near the close. Page 36

● BRITAIN'S balance of payments figures for the first quarter of 1980 show that UK residents sharply increased their purchases of foreign securities. Back Page

● WEST GERMAN steel engineering company Schloemann Siemag has won a DM 1.38bn (£317m) contract from China for the supply and construction of a steel cold rolling mill. Back Page

● ARGENTINE airline LAPA ordered three of British Aerospace's new "Baby Airbus," the BAe 146, with options on another three, for a total value of £37m. Page 8

● UK CAR output fell by 5,000 units in May to 76,000, according to the Industry Department.

● BRITISH Shipbuilders recovery plans are in jeopardy because the Government's promised public sector orders for new ships have failed to materialise. Page 8

● TUC is considering extending its representation of tha unemployed and pensioners to a direct negotiating role with the Government. Page 10

COMPANIES

● BP reported first quarter net profits of £504.7m—up 87 per cent on last year—but warned that chemical and plastics sales had suffered a "sharp deterioration." Back and Page 25; Lex

● GUTHRIE CORPORATION, the general trading company, increased pre-tax profit in 1979 from £20.9m to a record £27.5m. Page 24; Lex, Back Page

● ELECTRONIC RENTALS group improved second half pre-tax profit from £6m to £6.61m, but profit for the year to March was down £2.49m at £12.22m. Page 24, Lex, Back Page

● HARVARD Securities: an apology. Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Fund. 6¼pc '85-87	£76⅝	+ ⅞
Treas. 11¾pc '03-07	£90	+ ⅞
Allied Colloids	115	+ 9
Alpine Soft Drinks	87	+ 7
Brit. American Film	75	+ 8
Electrocomponents	512	+ 12
Hall (M.)	199	+ 7
Hambros	391	+ 8
Highland Distills.	142	+ 7
Keyser Ullmann	80	+ 6
Lucas Inds.	190	+ 5
Moss Bros.	255	+ 30
Pegler-Hattersley	116	+ 10
Redland	154	+ 4
Standard Fireworks	97	+ 7
Tarmac	236	+ 9
Wigfall (H.)	196	+ 7
Burmah Oil	233	+ 11
Candecca	155	+ 7
Blyvoor	734	+ 23
Emperor Mines	95	+ 5
Gold Mn. Kalgoorlie	346	+ 36
Haoma Gold	82	+ 7
Hill 50	36	+ 7
Kloof Gold	£13¼	+ ½
Mount Carrington	60	+ 8
Paringa	62	+ 7
Poseidon	187	+ 14
RTZ	383	+ 8
FALLS		
Beales (J.)	18	− 4
Burco Dean	26	− 3
Comet Radiovision	68	− 4
Gt. Portland Estates	222	− 10
ICI	356	− 10
Land Securities	310	− 18
MEPC	197	− 7
Ottoman Bank	£55	− 7
Pleasurama	145	− 4

EEC draws up new strategy to limit imports from Japan

BY GUY DE JONQUIERES IN LONDON and GILES MERRITT IN BRUSSELS

PLANS FOR a broad new strategy to reorganise the EEC's trade relations with Japan, involving proposals to limit certain key categories of Japanese exports, are being drawn up by officials at the European Commission in Brussels.

They hope that the main elements of the strategy can be decided in timeto enable the Community to npen negotiations with the Japanese Government which will yield concrete agreements by the end of this year.

One of the first priorities will ha to persuade Japan to limit the number of colour television sets and tubes which it exports to European countries in the next four or five years.

Japan is prevented from exporting tubes and sets bigger than 20 in by the terms of the patents governing the PAL colour system. These terms are due to expire at the end of this year.

Continental television manufacturers, notably the Dutch Philips group, have told the EEC that unless urgent measures are taken a surge of Japanese exports next year will seriously threaten survival nf the European television industry.

The EEC is examining the possibility nf asking Japan to limit other types of exports, including cars. It fears that negotiations on this will prove politically very difficult, and can be tackled only over a longer term.

EEC Commission officials insist that such limits should be genuinely negotiated, and not imposed unilaterally by the EEC, and that the Community must be prepared to offer Japan concessions in retorn.

They emphasise that both sides are dissatisfied by the outcome of the GATT multilateral trade negotiations, concluded in Geneva last year, and hope to establish a continued dialogue with Japan on trade matters, of the kind which the EEC has enjoyed with the U.S.

The commission would like in particular to relax or eliminate altogether many national quotas imposed by EEC governments on a variety of products of which Japan is a significant exporter, including ceramics and footwear.

These have caused growing irritation in Tokyo, particularly as some are aimed exclusively at Japan and pre-date the creation of the EEC.

But the commission faces a difficult task in persuading governments of the Nine to dismantle many of the quotas, which cover more than 50 product categories.

Particularly strong resistance is expected from Italy, which operates extensive national restrictions on Japanese imports. Sales of Japanese cars in Italy, for example, are limited to a few thousand a year.

Officials in Brussels expect the full 13-member commission to discuss the proposals before the end of this month. If they are approved, the commission will probably ask the Council of Ministers next month for a mandate to open negotiations with Japan.

As now envisaged, the Commission's plana to negotiate limits on Japanese television and tube exports would supersede the voluntary restraints which now apply to the UK market, concluded between British manufacturers and Japanese exporters.

The Commission has watered down earlier proposals to impose statutory restrictions on volume of Japanese imports in deference to West Germany, which is opposed to the idea of legislated trade barriers.

It proopses to seek a less formal "understanding" with the Japanese, who will be asked to commit themselves not to exceed the level nf EEC market share in the past few years.

Silkin launches Labour campaign for withdrawal

BY ELINOR GOODMAN, LOBBY STAFF

MR. JOHN SILKIN, the shadow Industry Secretary, and a leading candidate for the Labour leadership when Mr. James Callaghan goes, yesterday launched a campaign to commit the next Labour government tn unconditional withdrawal from the Common Market.

The campaign coupled with moves tn make MPs more accountable to the annual conference, could make it very difficult for pro-Marketeers like Mrs. Shirley Williams and Mr. William Rodgers to stay in the Labour ranks.

Dr. David Owen, the former Foreign Secretary, and another committed European, yesterday described the move as the most certain recipe for splitting the Labour Party that could be imagined.

Labour's present position on Europe is that fundamental reforms are essential and that withdrawal would have to be considered if they were not forthcoming.

But yesterday, with Mr. Silkin as their standard bearer, the Labour Common Market Safeguards Committee argued in a new pamphlet, that a commitment to try yet again to renegotiate Britain's terms of membership was bound to fail. Britain's future, the committee conclnded lay outside Europe.

The committee, which has just under 100 MPs, including three other shadow cabinet Ministers, circulated a two-part resolntion which it hopes will be debated at this year's party conference.

The first part calls on the next Labour Government to repeal Section Two of tha European Community's Act so as to return to Westminster control over all EEC legislation in Britain.

This is already party policy, but the safeguards committee added to this a demand for an unconditional commitment to withdrawing from the Market altogether.

Our Labour Staff writes: Britain's largest union, the Transport and General Wnrkers, yesterday confirmed its snpport for Mr Callaghan as party leader.

Mr Moss Evans, its general secretary, was careful to base his union's support on its loyalty to a democratically elected leader.

Mr. Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs, took a stronger line on the leadership when he said that he and other union leaders had not ooly pledged their support to Mr. Callaghan but had urged him to stay on and fight the next general election.

TGWU evidence to pary inqniry, Page 11
Politics Today, Page 23

Land Securities £108m issue

BY ANDREW TAYLOR

LAND SECURITIES Investment Trust, Britain's biggest property company, announced yesterday that it was seeking to raise about £108m from shareholders in the largest rights issue the City has aeen for several years.

After the announcement the group's share price fell from 328p to 310p. Ordinary shareholders are offered one new share at 263p for every six now held. Comparable terms are offered to convertible shareholders.

The issue comes at a time when Landsit has faced criticism from some quarters of the property market for not becoming more active in new developments.

Mr. Peter Hunt, Landsit's managing director, stressed that the group would not embark on a major new development prngramme. Instead the rights issue cash would be almost entirely to increase the value and income from the group's property portfolio.

This is to be achieved by a programme of refurbishment and redevelopment of existing sites. Landsit will seek to buy in freeholds and leases of properties where it already has an interest.

At the end of March the group was committed to capital expenditure of £66m. A large slice of this is to be spent on two big Central London projects, refurbishment of Devonshire House in Piccadilly and development of the King William Street site in the City.

After partial revaluation of Landsit's property investments earlier this year, value of the portfolio is estimated at 490p a share, 456p once the effect of the rights issue, fully underwritten by J. Henry Schroder Wagg, is taken into consideration.

Brokers to the issue, closing at 3 pm on July 1, are Rowe and Pitman and Cazenove and Co.

Last month the group had pre-tax profits of £38.1m, 44 per cent higher than in 1978-79. Dividends for the year ending March 31, 1980 were 7.8p net. The group has not included a dividend or profits forecast with the announcement of the rights issue.

Property news Page 32
Lex Back Page

Bank to take in £1bn from market

By Peter Riddell, Economics Correspondent

THE Bank of England has increased its freedom of manouvre over the timing of any change in interest rates by unwinding a large part of the temporary assistance given to money markets over the past five months:

About £1bn will be withdrawn from the market on June 12 and 17, as the Bank has decided not to extend, as it has previously, its short-term loans to the clearing banks. These have been in the form of facilities for sale and repurchase of Government securitiea.

The Bank is still, however, being cautious. It has cancelled recall of £500m of special deposits from the market due on June 16. This is in addition to cancellation last month of a separate £500m of special deposits.

The result will be that, of £2bn lent to the market, half will be repaid to the Bank and half will remain in the market.

The announcement was favourably received yesterday by the gilt-edged market. Prices of short-dated stock rose by up to £⅜ while longs gained £⅝. The genreal view was that the moves remove a potential obstacle before a decision on Minimum Lending Rate. Any change is still not expected until at least the end of next month.

Assistance to the market was originally given to relieve the extreme shortage of liquidity caused by heavy sales of gilt-edged stock and by exceptional revenue payments to the Government.

The Bank said yesterday "The recent severe reserve-asset pressure on the banking system has eased considerably in the present banking month, but not sufficiently for the whole of the £1½bn of temporary relief outstanding in mid-May to be withdrawn."

The easing of liquidity pressures is principally because central government spending is again exceeding revenue. This has been reflected in a drop of a point or more in short-term interest rates over the past week.

In these changed circumstances it is possible—withnut the Bank's action—that market interest rates might have fallen in the next few weeks. But the authorities have slightly tightened conditions by ensuring that £1bn is repaid. This gives them greater control over interest rates ahead of any decision about Minimum Lending Rate.

Europeans to challenge U.S. on Mideast

BY RICHARD JOHNS IN LONDON AND JOHN WYLES IN BRUSSELS

A SERIOUS CLASH between Washington and the EEC now seems virtually certain as a result of the European Community's insistance nn pushing ahead with a major Middle East initiative.

The move will involve a new policy statement on the controversial issue of Palestinian Arab representation and the possible despatch of a high-level emissary to the Middle East.

Sig. Emilio Colombo, Italian Foreign Minister and chairman of the EEC Council, may go to Washington in the near future for consultations with President Jimmy Carter. His visit would be at the reqoest nf the U.S. Government in its anxiety to head off any kind of diplomatic activity that might bring an end to the stalled Egyptian-Israeli talks on a form of autonomy for the Palestinian Arab inhabitants of the occupied West Bank and Gaza Strip.

President Carter is still adamant that the Camp David accords, the framework for the stalled negotiations, provide a basis for a comprehensive settlement of the Arab-Israeli conflict. But, with varying degrees of conviction, all members of the Community believe the peace process in its present form la nearly dead and cannot be revived.

In an atmosphere of mounting aggravation, Mr. Yitzhak Shamir, Israeli Foreign Minister, has had talks over the past two days with his counterparts in the Netherlands and Denmark, the two members nf the European Community traditionally most sympathetic to Israel. He is scheduled to visit Brussels at the weekend.

Although he suspended unilaterally the autonomy talks last month, President Anwar Sadat, of Egypt, has issued a plea that the Camp David accords, associated with last year's peace treaty with Egypt, should not be abandoned and urged the U.S., instead, to exact concessions from Israel.

Following Mr. Carter's stero warning that the U.S. would veto any European attempt to amend UN Security Council resolution 242, the guidelines for all previous peace-making attempts, all of the Nine have renounced any such course of action.

However the European Commissinn's political directorate earlier this week discussed and came close to agreeing on a diplomatic mission to Arah capitals and Israel. That is understood to be Mr. Carter's second main concern on the subject.

As yet senior officials of the Nine, drawing up proposals for approval by the Foreign Ministers and eventual endorsement by the Community summit in Venice next week, have not agreed on the principle of dispatching an emmissary. Some—in particular, West Germany—are known to have reservations because of their wish not to offend Mr. Carter and strain the alliance, rather than out of any helief that the Camp David process haa a future.

The wording of a draft statement about the Palestinian Arab's right tn self-determination has been decided upon by the officials. According to diplomats, it ia a significant advance on the last collective view spelt out at the UN General Assembly on behalf of the European Community by Mr. Michael O'Kennedy, then Irish Foreign Minister.

The mai nAmerican concern is that the term "statehood" should not be used and that the Nine should not edge closer to recognition of the Palestine Liberation Orgaoisatioo.

As for the appointment of an emissary, the extent of Mr. Carter's objections would depend on the status and the brief of the man appointed.

In the meantime the Nine are also vigorously pursuing plans for a resumption of the defunct Euro-Arab dialogue at higher level and in a form that would, in contrast to the past, give political affairs equal precedence to economic ones, representing a major shift in EEC policy.

On this topic, however, there are some misgivings because Egypt has been suspended from membership of the Arab League as a result of the peace treaty.

Caterers seek £65

A NEW basic minimum of £65 for staff in licensed hotels and restaurants is being sought by the unions on the wages council which fixes minimum wage rates for the 690,000 workers in the industry.

The claim is th esame as that submitted last year by the unions.

£ in New York

—	June 4	Previous
spot	$2.3185-3205	$2.2940-2960
1 month	1.52-1.44 dis	1.45-1.35 dis
3 months	3.87-3.79 dis	3.54-3.47 dis
12 months	9.40-9.25 dis	9.15-8.95 dis

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EUROPEAN NEWS

Cossiga's survival could hinge on local poll

BY RUPERT CORNWELL IN ROME

THE CAMPAIGN for Italy's regional and local elections closes tonight with scarcely any indication of what the outcome will be.

Technically, 43m Italians will vote on 15 new regional governments, 86 provincial and 6,590 city administrations throughout Italy, but the issues bave been purely national. The result will be almost as important as that of last year's inconclusive general election, and will be of vital importance to the aurvival of the centre-left coalition government of Sig. Francesco Cossiga.

The campaign began amid general indifference, but bas been transformed by last week's Donat Cattin affair into the most venomous confrontation between Communists and Christian Democrats in 20 years.

The dogfight suddenly stilled yesterday as politicians on every side mourned Sig. Giorgio Amendola, the Communist elder statesman who died at the age of 73.

One of the earliest and most tenacious opponents of fascism, Sig. Amendola had become increasingly critical in recent years of his leadership's strategy in national politics and the Italian trades union movement.

For the Christian Democrats, the election is a first test of the popularity of the harder anti-Communist line of the new party leadership.

For the Communists, it is a chance to show that the decline in their support evident at the June 1979 general election has been halted, or even reversed, now that the party is taking a tougher line in opposition to the present coalition.

The hard line bas heen nowhere more apparent than in the Communists' attitude to the Donat Cattin case, where they are seeking to re-open the inquiry into whether the Prime Minister unwittingly helped in the flight of wanted terrorist Sig. Marco Donat Cattin, son of Sig. Carlo Donat Cattin, the former Christian Democrat Party vice-president.

OUTGOING REGIONAL GOVERNMENTS

Communist dominated	Christian Democrat dominated
Piedmont*	Lombardy
Liguria*	Veneto
Emilia Romagna	Abruzzo*
Tuscany	Molise
Umbria	Basilicata
Lazio*	Campania
	Puglia
	Calabria*

● The Marche region is ruled by a Socialist-led coalition, with external Christian Democrat support.
* Vulnerable administrations.

The Communists clearly believe that the issue may lay bare the ruling party's ahuse of power and could be an electoral winner. Bnt the Christian Democrats feel that their opponents may have made a bad misjudgment of the public mood, especially given the reputation for integrity of the Prime Minister bimself.

Socialists, Republicans and Christian Democrats, the three coalition partners, bave all rallied around Sig. Cossiga. Earlier fears of a sudden Government crisis have been banished, almost certainly nntil after the round of internatiooal meetings that Italy is playing host to this month.

What happens thereafter will binge on the results of this weekend's poll. A good performance by the coalition partners will strengthen Sig Cossiga's government in office. But should the Socialists in particular fare poorly, and uot hang onto something near the 12 per cent they won in the last regional elections of 1975, the old splits between right and left of the Socialist party will re-appear, and perhaps oblige the party to pull out, thus precipitating another government crisis.

Most expectations are that the smaller parties, particulary the Liberals and the Social Democrats who were dropped from Government two months ago, may do well. This would only increase the discomfort of the Christian Democrats.

In purely regional and local terms, a serious drop from the 33.4 per cent won by the Communists in 1975 would imperil their regional administrations in Liguria, Piedmont and Lazio. A swing the other way would shake the Christian Democrats' grip in Calabria and Abruzzo. In main cities, Communist-led municipalities in Turin and Naples are at risk, as is the Socialist/Communist alliance in Venice.

Moscow expects 100,000 for Games

THE Soviet Union has cut its estimate of the foreign visitors to the Olympic Games in Moscow next month from up to 300,000 to only 100,000.

The new estimate was given by Moscow's mayor, Mr. Vladimir Promyslov. He declined to link the decrease with the U.S.-inspired boycott over the Afghan invasion and, indeed, asserted that the American effort had failed since 85 countries will be sending teams to the games.

The mayor said that Roubles 3.9bn (£2.6bn) had been spent preparing for the games, against an original Russian estimate of Roubles 220-230m. But Mr. Promyslov later maintained in answer to questions that the higher figure was earmarked for normal city expenditures which had merely been brought forward for the Olympics. The actual cost, be said, was Roubles 300m-400m.

Western observers believe that the real figure is much nearer £1.3bn. Of this, about £220m is in hard currency and includes the cost of a modern airport terminal built by the West Germans, a 28-storey French-built hotel in Moscow and another with 500 rooms in Leningrad.

Mr. Promyslov said that the Olympic facilities at all 99 sites in five cities were virtually ready. These include the Olympic village, a set of 18 new 16-storey blocks of flats which were to have housed 12,000 athletes. This number could be cut by up to half in the absence of the U.S., West German, Japanese, and other large contingents.

Strike in France

French trade unions yesterday staged a third major strike and demonstration in three weeks against changes in the social security system, writes Terry Dodsworth in Paris. The action, inspired by the Communist-led CGT union, hit public transport, electricity supply and newspapers, as well as closing many doctors' surgeries.

Strike in docks hits Swedish foreign reserves

BY VICTOR KAYFETZ IN STOCKHOLM

SWEDEN LOST nearly 11 per cent of its foreign currency reserves in the last two weeks of May, due mainly to the strike by 2,400 members of the maverick Harbour Workers' Union, which has seriously hurt exports.

It was the largest currency outflow since January, when high interest rates abroad led the Riksbank (central bank) to raise the discount rate 1 per cent to an all-time high of 10 per cent.

At the end of May the Riksbank's reserves stood at SKr 14.4bn (£1.488bn) following a drain of SKr 1.7bn in the preceding fortnight. Balancing this was a net foreign credit of SKr 167m drawn by the National Debt Office.

For May as a whole the outflow was SKr 2.4bn, balanced by SKr 1.6bn in net Government borrowing abroad. For January-May inclusive the drain was SKr 8.7bn and state loans from foreign aources grew by SKr 7.9bn.

This week the Federation of Swedish Industries said that if the strike, today entering its sixth week, continues to the end of June, Sweden stands to lose SKr. 4bn (£415m) in exports or a third of the expected volume.

The strike has shut ports that normally handle 75 per cent of seaborne exports, but Volvo and some other big exporters have found alternative routes to handle part of their goods.

Late on Wednesday, the Harbour Workers' Union executive decided to continue the strike indefinitely, refusing to accept tha agreement signed last Sunday by the Transport Workers' Union involving a 10 per cent wage rise from July 1. The harbour workers, excluded some years ago from the 45,000-strong Transport Union and from the blue-collar Labour Confederation, want a 30 per cent rise and a separate contract.

In the south-west city of Helsingborg, Sweden's second largest port, a prosecutor has said he will indict some 20 dockers on trespass charges after they tried to block Transport Union members from unloading several ships, including the British roll-on/roll-off vessel Cicero which had arrived from Felixstowe.

Striking dockers in the small sonth-eastern port of Oskarshamn voted to return to work for fear they would lose their jobs because shippers were diverting their business to unaffected ports.

Austria raises charges to cut budget deficit

By Paul Lendvai in Vienna

AUSTRIA'S Socialist Governmeot has approved measures to reduce the budget deficit for 1981. Increases in postal charges, rail and road fares and social security contributions and drastic economies are being made to achieve a reduction in expenditure. The draft budget for the year coinciding with the calendar year, is due to be presented to Parliament this autumn.

The package will yield only Sch 3bn (£101m) in extra reveoue. To reduce, as planned, the next budget deficit, excluding deht repayments, to 2.5 per cent of gross domestic product, federal spending plans will bave to be pruned substantially. The net budget deficit reached 3.8 per cent last year and is expected to total 3.2 per cent of GDP this year.

Almost 15 per cent of freely disposable public expenditure will have to be devoted to servicing the national debt.

Finnish coalition outlines 1981 budget policy

BY LANCE KEYWORTH IN HELSINKI

FINLAND'S centre-left coalition cabinet presented Parliameot today with a working paper containing the outlines of its policy for the 1981 budget which it will be finalising during the summer. But, while the government, which has been in office for just one year, is likely to survive long enough to present the budget Bill in September, it may not live to see it passed.

It has been bedevilled by internal dissensions for weeks and only a last minute compromise between the Social Democrats and Communists on one side of the coalitiou and the Centre party and Swedish People's party on the other prevented Mr. Mauno Koivisto, the Prime Minister, from throwing in the towel a week ago.

The compromise was agreement on a so-called anti-inflationary programme and social security package. The main points are embodied in the Government's working paper for the budget Bill.

The anti-inflationary measures proposed are limited to the postponement this year of FM 1.2bn (£141m) of public sector investment, creaming off private sector liquidity by making the sawmilling and pulp hranches pay about FM 260m in export deposits, and ordering a hroad section of indnstry to freeze some of its earnings in a special fund. Employers will have to pay 0.25 per cent of their payroll costs in child allowance payments from July 1980 to February 1981.

As a concession to industry, the temporary turnover tax reliefs on new investments in productive buildings and machinery will be extended to the end of 1981. However, industry is being askad at the same tima to postpone new investment projects. Thus, the main burden of cooling what the Government claims is an overheated economy is again being placed on industry. For the consumer, there is the assurance of more take-home pay in 1981, when tax scales will again be adjusted for inflation.

Mr. Koivisto: dissensions wrack administration.

The most alarming feature of the Government's proposals is the social package of family supports and pension reform. It is not only inflationary, it is a return to the old Finnish political custom of solving current party disputes by mortgaging the future.

The reform of the pension scbeme now agreed for 1981-85 is going to add at least FM 2bn and possibly as much as FM 4bn to public expenditure. No concrete proposal has been made for funding these additional outlays, but increased taxation would seem to be the only practical solution. Yet, all the eight parties represented in Parliament are committed to reducing direct taxation.

The Government says in its working paper that it was advisable to prepare a budget for 1981 that is "more or less neutral in its effects." Later in 1981, when total economic growth is expected to fall to 2-3 per cent from this year's 6 per ceot, stimulatory measures can be introduced in supplementary budgets.

Inflation, "the greatest threat to economic policy," is currently running at an annual 12 per cent.

EEC BUDGET DEAL

Europeans look for something in return

BY JOHN WYLES IN BRUSSELS

BRITAIN CAME under pressure here yesterday to make concessions on energy and farm prices now that the row over its contributions to the European Economic Community have been settled. Although the budget deal has been accepted by all EEC governments and was the breakthrough the British were seeking, it is by no means guaranteed to transform the UK's often testy relations with its community partners.

This was clear yesterday at the regular weekly meeting of EEC ambassadors. Both West Germany and France indicated that they expected Britain to offer something in return for the special arrangement which should reduce British budget payments to Brussels by more than $2bn by tha end of 1982.

France's ambassador again insisted that the UK should not seek to bold up any farm price agreement next year. Britain's threat to do this was a major factor in bringing the Eight to to a budget settlement last Friday. Fearing British efforts to seek a stern clampdown on farm price rises, France warned yesterday that it would not pay its share of the special deal for the UK in 1981 unless there were first a farm price settlement.

This would be totally unacceptable to the UK, whose ambassador also heard from his West German colleague that Bonn, which is wrestling with domestic budget problems as a result of the deal, would like to see greater flexibility in UK's oil and gas production policies.

West Germany has long sought an undertaking that the UK would step up oil and gas output to provide more for its community partners if there were a general shortage not serious enough to trigger international crisis measures.

The uropean Commission announced yesterday that it would now start procedures to secure the approval of the European Parliament for a 1980 budget, possibly at a special seession on June 26-27.

The Commission is also aiming to complete new regulations for the UK's agreement by next week. Of greatest interest will be the regulation allowing for specially increased expenditure in Britain on programmes ranging from urban renewal to transport, sewage and coal

OECD hopeful Yugoslavs can cut payments deficit

BY TERRY DODSWORTH IN PARIS

YUGOSLAVIA SHOULD be able to reduce its 1979 current account deficit of $3.4bn by a substantial amount this year as officially hoped, the Organisation for Economic Co-operation and Development says in its latest annual country review.

The survey says there should be a very marked slowdown in the growth of domestic demand this year, while the depreciation of the currency and a recent deal to improve access for Yugoslav products in EEC markets should belp exports. This means that a deficit of $2bn this year can be obtained.

But the OECD warns that even a decline in domestic demand will not bring inflation under control. Special arrangements seem necessary, it says, to bring a steady reduction in the rate of labour cost increases.

The OECD doubts that Yugoslavia will bring down inflation as rapidly as officially suggested. Against an increase in consumer prices of about 22 per cent last year, the authorities have set a target of a little over 19 per cent for 1980.

Although the OECD accepts that a significant improvement can be expected later in the year, rising oil prices have already helped raise prices by 26 per cent in the first three months of this year.

Swiss bank disclosure law passed by Upper House

BY BRIJ KHINDARIA IN BERNE

THE TRADITIONAL freedom of Swiss banks to refuse to disclose information concerning accounts of foreigners suspected of tax fraud will be reduced by the result of a law in the final stages of approval by Parliament.

The Upper House approved on Wednesday, a draft law requiring the Government to give legal help to any country seeking information about the dealings with Swiss banks of people accused of tax evasion and fiscal fraud.

The law, which bas yet to be approved by tha Lower House, defines fiscal fraud more widely than in the past. Previously, legal help was given only where Switzerland was bound to do so under bilateral treaties and the offence committed in the foreign country was a criminal one under Swiss law. [illegible] would be given to any foreign Government in all cases of fiscal fraud. But it excludes assistance where other foreign economic or monetary regulations are violated, such as foreign exchange rules.

The help given would be limited to matters like notification of documents, the handing over of files and information, searches and administrative measures. Prosecution would be undertaken only where Swiss laws are broken.

The law will not place any obligations on banks but under a gentlemen's agreement, banks help the Swiss Government with information when there is substantial reason to suspect criminal fraud.

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OVERSEAS NEWS

Mideast peace and Carter's rebuke: a dilemma for Europe

BY RICHARD JOHNS IN LONDON AND JOHN WYLES IN BRUSSELS

PRESIDENT Jimmy Carter's remarkable warning to the European Community not to interfere in the Middle East peace process has highlighted a serious rift within the Alliance over how to resolve a problem which vitally affects the security of the West.

The Administration has asserted that the Camp David peace process—Mr. Carter's major foreign policy success so far—remains the only basis for a comprehensive settlement of Arab-Israeli conflict.

The Nine, on the other hand, believe that to be a simplistic and possibly dangerous viewpoint. They consider a major new push is now required either to broaden or possibly to replace the Camp David framework and salvage the autonomy talks, which they see as hopelessly deadlocked.

The European conviction is strengthened by the growing turmoil of Arab protest and Israeli action on the West Bank, where the maiming of two prominent Arab mayors earlier this week has reinforced the hardening of Palestinian attitudes. It is also clear that the Palestine Liberation Organisation (PLO) has emerged from its latest deliberations in a more truculent and intransigent mood than it has been for some time.

But with the credibility of the Western Alliance seriously damaged by the Iran crisis and the Afghanistan invasion, the European Community is faced with a serious dilemma.

The choice of whether to proceed with an independent initiative is especially difficult, since it might well provoke an even stronger reaction from Mr. Carter in the run-up to the U.S. Presidential election, and push Mr. Menahem Begin, the Israeli Prime Minister, into an even more intransigent set of policies.

The furthest the Nine have gone so far was the statement in the UN General Assembly last September acknowledging that the Palestinian people were "entitled within the framework set by a peace settlement to exercise their rights to determine their own future as a people."

Since then both Lord Carrington, the British Foreign Secretary, and President Giscard d'Estaing of France have toured the Gulf. They returned deeply impressed that the moderate oil producers, noteably Saudi Arabia, find intolerable the prospect of a negotiating vacuum while the world awaits the outcome of the U.S. election. Paris, Bonn and London have been made to understand that a European initiative would be welcomed by the Arabs.

In March President Giscard spoke of the need for Palestinian self-determination, semantic but significant advance on the statement to the General Assembly because the phrase is reckoned to imply statehood. While the European Community is not yet ready to recognise the PLO as the sole and legitimate representative of the Palestinian people the Nine are more or less convinced that at some point the organisation must be brought into the arena of Western diplomacy. The hope is that it might then be induced to drop the objective of dismantling the Jewish state.

The Community considers the Camp David peace process to be virtually dead, and it now has to consider three questions:

- What initiative can it take towards reviving the impetus towards a comprehensive settlement?
- Should it be aimed at expanding or replacing the narrow formula provided by the accords agreed in association with the Egyptian-Israeli peace treaty?
- Can the Community contribute anything positive?

In the spring Lord Carrington suggested an ammendment to UN resolution 242 of 1967 (the framework of all previous attempts to solve the Arab-Israeli dispute) to include the principle of the right of the

President Giscard . . . implied Palestinian statehood. President Carter . . . a warning. Prime Minister Begin . . . intransigent. Lord Carrington . . . change in Resolution 242.

Palestinians to self-determination. Britain and other members of the Community, with the possible exception of France, had already concluded that it would be counter-productive to take any action that would risk a U.S. veto in the Security Council.

The Nine have not been able to produce any alternative plan to solve the Palestinian problem, but two complementary propositions are now being discussed.

First, there has been discussion on the common recognition of the Palestinians' right to *self-determination*, and this is more than merely a device to win favour with the Arabs. The Nine believes such a move could help ease tension in the Middle East, and make up for fundamental deficiencies in the Camp David accords.

Second, there has been talk about reviving the "Euro-Arab dialogue"—dormant since the end of 1978—at a higher, possibly foreign ministerial level with PLO representation.

These exchanges had gone on for three years, but had been hampered by Arab insistence that politics, specifically the Palestinian issue, be given equal importance to economic co-operation and oil.

Initial impetus for resumption of the dialogue came from the Arab League at a meeting with EEC officials in Rome early in March. The Arabs did not make recognition of the PLO a precondition, but the Nine are now prepared for the dialogue to embrace this central issue. In itself, this represents an important shift.

Any pronounced shift towards Palestinian self-determination and direct dealings with the PLO at official level would, of course, be anathema to Israel. Hence the strenuous diplomatic campaign by it to head off any initiative and the almost hysterical denunciation by Mr. Begin on Monday when he accused "all the people of Europe of co-operating with the destoyer" (Hitler) by handing over Jews to the Nazis.

The danger, perhaps not fully appreciated by the Nine, is that they could provoke the Israeli Premier and his colleagues into an even more dogmatic, stubborn and extremist position or, even worse, prompt them into more repressive measures in the occupied territories and armed intervention in Lebanon.

Mr. Begin's attitude betrayed a concern about the European Community, whose friendship Israel needs. And the Nine must calculate whether a shift towards the Palestinian cause might increase Israel's sense of isolation, thereby further eroding the base of the country's weakened Government and improving the chances of the coalition falling before the end of its appointed term in November, 1981. The return before the end of the year of a Labour Government, even with an absolute majority, would not necessarily improve the chances of a settlement.

Mr. Yitzhak Rabin, the shadow premier, and Mr. Shimon Peres, his rival, believe the only solution to the Palestinian problem lies in some arrangement with King Hussein of Jordan. The Camp David accords assumed or hoped for his eventual participation in a settlement despite the fact that the Hashemite Monarch was not consulted and that this would be bitterly opposed by the radical Arabs.

King Hussein welcomed the prospect of a European initiative after seeing President Giscard in February, and the Saudi regime feels the same way. Disillusioned with the failure of the U.S. to keep the Shah in power, seeking security within the bosom of Arab consensus, and seeing the recovery of Jerusalem as important as the liberation of Kabul, it is anxious for any way to break the Camp David deadlock.

To a lesser extent, the same is true of the other Gulf States. The trouble is that they tend to see the unformulated European initiative—to use the words of a senior European diplomat—as "a rampant stallion locked behind the stable doors and waiting to be unleashed so that Arab honour can be restored and Palestinian grievances be put to right."

Syria has placed itself beyond the scope of the Camp David process; Libya has turned to Moscow for sustenance; and Iraq, the rising power of the Arab world, remains resolutely opposed to negotiation. The PLO is pursuing its own diplomatic initiative with West Europe as vigorously as ever, but the tendency, probably stimulated by Israeli policy in the occupied territories, has been towards total and bloody confrontation.

As much as ever a comprehensive settlement of the Arab-Israeli dispute may seem a mirage. The European Community can have no choice but to search for ways and means to find a solution. Oil supplies must remain a fundamental pre-occupation. Britain and France have long recognised that there can be no effective, enduring settlement without satisfying Palestinians and they appreciate that must eventually mean dealing with the PLO.

Nablus mayor transferred to Jordan hospital

BY DAVID LENNON IN TEL AVIV

MR. BASSAM SHAKA, the mayor of Nablus who was injured by a bomb in his car on Monday, was transferred to a hospital in Amman, Jordan, after his condition had deteriorated. His legs were partly blown away in an explosion which Palestinians believe was the work of Jewish extremists.

The doctors treating him in Nablus, the largest town on the Israeli-occupied West Bank, said that the mayor had contracted gangrene and required additional treatment for which the local hospital was not equipped. Mr. Shaka and his family rejected an offer of treatment in an Israeli hospital.

The condition of Mr. Karim Khalaf, the mayor of Ramallah, who was seriously injured by a car bomb the same day, has also deteriorated. Doctors fear that they may have to amputate his right leg because of poison spreading from his wounds. His left foot was blown away by the bomb.

The security forces investigating the bombings were yesterday reported to be concentrating their inquiries among the Jewish settlers in Kiryat Arba, near Hebron on the West Bank.

Arab leaders held a protest meeting in Nazareth yesterday and appealed to mayors in the occupied territories not to resign, because this would not solve the problem of the occupation, they said.

The mayors of Gaza and Bethlehem resigned earlier in the week and are now under strong pressure from the Israeli authorities and the hard-line forces within the Palestinian camp to withdraw their resignations.

Israeli troops attacked Palestinian targets in the Lebanese port of Sidon, killing or wounding a number of guerrillas, the army's spokesman announced in Tel Avis yesterday.

EUROPEAN NEWS

Bonn seeks to share EEC budget deal burden with states

BY JONATHAN CARR IN BONN

IN A neat piece of pre-election strategy, the West German coalition Government has thrown part of the responsibility for meeting Britain's EEC budget bill on the political opposition.

At the same time, it has managed to avoid further cuts in the individual budgets of Bonn Ministries this year, thus preventing further squabbling between the Social Democrat (SPD) and Free Democrat (FDP) partners.

A key architect of this elegant manoeuvre, which comes just before the start of FDP and SPD national congresses, is Herr Hans Matthoefer, the Finance Minister, and a Social Democrat, who gave details yesterday to the Press. His comments came after a nine hour Cabinet meeting on Wednesday at which it was agreed, reluctantly, to accept the EEC budget deal worked out by the nine Foreign Ministers in Brussels last week.

West Germany is the biggest single contributor to this accord, and in theory has to pay DM 2.53bn (£600m) over 1980 and 1981 into the pool to cut Britain's bill. However, Herr Matthoefer took away the breath of some of his listeners by revealing that Bonn could spread its payments into 1982 as well.

This is because of differences in the West German and British budgetary years, with the former the same as a calendar year and the latter starting in April. This means that the payments for the two British years, April 1, 1980, to March 31, 1981, and April 1, 1981, to March 31, 1982 can be spread over three West German budgets.

Herr Matthoefer revealed that he had DM 600m already tucked away in his 1980 budget (to the end of December) to help meet the British bill. He was not ready to increase State borrowing nor could he see anywhere to make expenditure cuts, so no more could be done on the EEC side this year.

For his 1981 budget year he expected that a sum of DM1.8bn would be needed, DM500m of it carried over from 1980. As matters stood, Herr Matthoefer said, the Federal Government could not pay this bill alone and, therefore, demanded help from the *laender*—the federal states with which Bonn divides up tax revenue.

The Minister said that either the *laender* must hand over a bigger percentage of value added tax revenue to Bonn or taxes would have to be raised next year, on petrol and spirits in particular.

Herr Matthoefer: spreading the load.

This faces the *laender*, the majority of which are run by members of the opposition Christian Democrats (CDU) and Christian Social Union (CSU), with a serious dilemma.

If they pay up, they will be helping finance the policies of a government they are seeking to unseat in the general election on October 5. If they do not, the SPD-FDP Government will stress that it is forced to raise taxes because of what it will try to portray as the lack of European responsibility among the CDU-CSU.

Herr Matthoefer also made no secret of his concern about the farm price settlement, which forms part of the Brussels accord, and warned that the EEC might well face a financial crisis in the second half of next year. But his budget strategy has given heart to coalition parties which only a few days ago were swapping insults over the British settlement.

The FDP congress begins in Freiburg today with a speech by Herr Hans Dietrich Genscher, its party chairman, and the Foreign Minister. The SPD congress will begin on Monday in Essen, where Chancellor Helmut Schmidt is expected to refer in strong terms to the current state of the European Community and its finances.

Legislation will ease banks' role in Italy

By Rupert Cornwell in Rome

LEGISLATION, WHICH at last will put Italian public sector bankers on the same legal footing as their private sector counterparts, is likely to be approved by the Cabinet shortly after this weekend's regional elections.

The draft Bill, which has extremely important implocations for the smoother operation of Italy's buffeted banking system, is to bring the country's banking legislation formally into line with other EEC nations. All-party support is expected to assure it a relatively tranquil passage on to the statute book.

In the past bankers in the state controlled area of the system were vulnerable to much more serious charges than private bankers over ill-fated loan operations. Increasingly, this vulnerability has been exploited by magistrates, especially over the recent spate of politico-financial scandals.

The two most notorious examples have been the investigations into the collapse of the Societa Italiana Resine (SIR) chemical concern of Sig. Nino Rovelli, and into Italcasse, the central Italian savings bank institute.

The first case saw Dr. Paolo Baffi, then governor of the Bank of Italy, and the cream of the country's banking establishment at one stage facing charges of misdirecting public funds. The second led to the dawn arrest of 39 top regional savings bank executives last March, again on the orders of investigating magistrates.

However, the new Bill would remove this threat and, with it, a source of great anxiety which has much impeded the functioning of public sector credit institutes, both in their short and in particular their medium term operations.

It would also represent the first major overhaul of the much criticised legislation dating back to 1936 by which Italian banking is fundamentally still governed.

The main uncertainty now—and it is one that might cause considerable controversy—is whether the amended legislation should be made retroactive.

Danish vote

A Danish opposition attack on the handling of a Saudi Arabian oil contract by Mr. Poul Nielson, the Energy Minister, may find the Social Democrat Government in a minority in a parliamentary debate on Monday, writes Hillary Barnes in Copenhagen. There is serious doubt whether the Government will manage to find support for a resolution to counter a motion of no-confidence in the Minister.

Egyptian budget surplus promised

By Roger Matthews in Cairo

EGYPT'S bndget will be in surplns for the first time in modern bistory during the coming financial year, Dr. Abdul Razzak Abdel Meguid, Deputy Prime Minister in cbarge of the economy, said yesterday.

The annonncement was greeted with scepticism and bewilderment by Western economic analysts wbo had been expecting an increased deficit.

Dr. Abdel Meguid, who took over his new job three weeks ago when President Anwar Sadat remodelled Egypt's government structure, is to introduce his first hndget to Parliament on Jnne 14. He said it would bave three aims: to check inflation, to redistribute wealth and to improve the management of the economy.

One of Dr. Meguid's first acts on taking office was to change the start of the financial year from January 1 to July 1. In the January hudget earlier this year tbe then-government forecast a net deficit of just under £600m.

In the new budget Dr. Meguid said that this would not only be eliminated, hut there would be a small surplus.

At the same time Dr. Meguid pledged that erosion af peopie'e incomes through inflation would be balted and said he was introdncing measures to increase wages and step np a range of social benefits. The total effect of these policies would be to inject £600m into the public's pockets. The Government had earlier promised to increase subsidies on a number of basic commodities.

Asked to explain how, this was compatible with eliminating the budget deficit, the Minister pointed to increased revenues from crude oil sales and the Suez Canal. Together these two Items would bring in an additional £684m during the next 12 months, he said.

"I am well satisfied with this package. There will not be a deficit, which will be a tremendous improvement, and I bave *frozen* all Government *expenditure*, which in real terms, means a saving of 20 per cent."

The fact that the increase in revenne would outstrip the increase in expenditure would *have a deflationary effect*, the Minister said. He thought an International Monetary Fund *team, due* in *Cairo later this* month, would be well pleased with the result.

Dr. Meguid also announced the abolltion of Law 600 whereby customs due had to be paid in hard currency. At noon yesterday a system was introdnced whereby importers can open a line of credit with Egyptian and joint venture banks and will not have to use the so-called "*own exchange*" market where earnings of Egyptians abroad are used to finance these operations.

U.S. and China move to cement closer relations

BY DAVID BUCHAN IN WASHINGTON

NEW ACCORDS on air travel, shipping, export credit and consular relations are being negotiated between the U.S. and China to cement the new relationship between the two countries, according to the *State Department*.

This follows a policy statement by a senior official, Mr. *Richard Holbrooke*, Assistant Secretary for Far Eastern Affairs. He said that the U.S. *was no longer interested* in using China simply as a diplomatic balance against the Soviet Union.

U.S. ties with China were now becoming so hroad that they went heyond "the triangular diplomacy of the early 1970s" between the U.S. and the two Communist powers, he said. The Holhrooke statement in fact sets an official seal on what has heen evident since the Soviet invasion of Afghanistan.

China is expected soon to be allowed to set up consulatea in New York, Chicago and Honolulu, while a civil aviation agreement could open up direct air travel to China by the autumn. Export-Import Bank credits to China to buy U.S. capltal goods have so far been blocked by a number of legal problems, but these are close to resolntion, officials say.

Colina MacDongall adds: China's senior Vice-Premier, Mr. Deng Xiaoping, yesterday welcomed the announcement by Mr. Holbrooke, that the U.S. was giving up its policy of "even-handedness" towards the Soviet Union and China.

At the same time Deng confirmed that be was planning to resign from his vice-premiership this summer. He also confirmed that the disgraced Gang of Four—Chairman Mao'a widow and her colleagues — would go on public trial later this year, though the proceedings would not he open to foreigners.

The U.S. statement is an important success for China's foreign policy. For years Peking bas condemned detente as a fraud. It has tried to woo Western nations away from concessions to Moscow and towards its own view of the dangers of "social imperialism."

Mr. Deng, who is 76, said that *although he planned* to resign from the Vice-Premiership at the National People's Congress in August, he would retain his other posts inclnding the party vice-chairmanship. In 1985 he will retire altogether to an advisory post.

Mr. Deng has said several times that he plans to give up the senior Vice-Premiership. This has provoked apeculation that his apparent protegé, Vice-Premier Zhao Ziyang, will take over his post, or possibly even the post of Premier. This is at present held hy the more conventional Maoist Hua Guofeng, who is also party chairman.

Emergency declared in Transkei

BY QUENTIN PEEL IN JOHANNESBURG

A STATE of emergency was declared yesterday in Transkei, South Africa's first independent tribal homeland, hecause of a hoycott of classes and disturbances hy school pupils and college *students*.

The announcement coincided with a reported decision by coloured (*mixed-race*) pupils in Cape Town to call off their long-running schools boycott, which *has since* spread to all parts of South Africa.

The Transkei proclamation, issued hy President Kaiser Matanzima and his brother, Chief George Matanzima, the Prime Minister, follows sporadic unrest at schools, and the closure of a teacher training college.

Disturbances continued in several parts of South Africa yesterday, including Durban, where *many Indian high* schools have been affected by the hoycott.

However in Cape Town the Committee of 81 students and school pnpils co-ordinating the boycott there was reported to have agreed in principle to call it off from next Monday. Tbe students were said to have decided to abandon their protest against "inferior education" because they helieved it was not achieving anything.

Meanwhile a remarkable parliamentary *gaffe* by a South African Cabinet Minister seems likely to undermine the latest efforts hy Mr. P. W. Botha, the Prime Minister, to bring other population gronps into South Africa's hltherto all-white constitutional process.

There was shock and embarrassment within the *ruling* National Party leadership over the statement by Mr. Hennie Smit, the Minister of *Posts, who said* that *Africans* were not heing allowed into e new multi-racial President's Council because their "thought processes" were too slow.

His remark hrought angry *reaction* from a number of hlack leaders, who condemned both the Minister's remarks and the proposed council.

Chief Gatsba Bnthelezi, Cbief Minister of the Kwazulu homeland, said that anyone who now participated in the President'a Council would be seen as endorsing Mr. Smit's views.

Similar reaction came from coloured and Indian leaders, who bave already expresed considerable reservetions about the exclusion of hlacks from the proposed body.

Poor turn-out for Tehran march

BY ANDREW WHITLEY IN TEHRAN

PLANNED DEMONSTRATIONS in Tehran and in Iran's provincial cities, to mark the seventeenth anniversary of an abortive uprising led by Ayatollah Khomeini against the former Shah, flopped yesterday when turn-outs were much lower than expected.

Participation in the capital's event was limited largely to members of the hlg hazaar com*munity* and *clergy-led contin*gents from the poorer districts of east and south Tehran. Left-*wingers, radical Moslem groups* and middle-class Iranians stayed away to enjoy the public holiday at bome.

There was a more impressive show in Isfahan, a stronghold of Islamic militancy, where delegates attending an international conference on the United States role in Iran were taken to watch

The four-day conference was due to end last night with an agreed statement. Some 300 delegates from 54 countries, most of them unofficial *representatives, attended*.

The unexpected arrival of a ten-man delegation from the U.S., led hy Mr. Ramsey Clark, a former Attorney General, boosted the conference's credibility. The *purpose* of the meeting was made clear in Ayatollah Khomeini's opening message, in which be boped the result would be "the condemnation of the oppressor" (the U.S.).

Several speakers, including Mr. Clark and Mr. Bertoletti Vincenzo, head of the Italian Confederation of Workers, called for the immediate release of the U.S. hostages beld in Tebran.

The U.S. delegation, wbich travelled in defiance of the State Department's wisbes, held separate meetings with President, Abol Hassan Banl-Sadr, and Mr. Sadeq Qotbzadeh, the Foreign Minister.

South Korea acts to stimulate economy

By Ron Richardson in Seoul

THE SOUTH KOREAN Government of Mr. Park Choong Hoon, which has been in office for a fortnight, has now introdnced a series of refiationary measures to stimulate activity in the depressed domestic economy and to halt a rapid increase in unemployment.

The ceiling nn domestic credit growth is to be raised considerably and the Government is planning a number of construction and job-creating projects. At present there are more than 829,000 unemployed.

Interest rates on most types of loans and overdrafts have heen rednced by one percentage point and tariffs on imports of various luxury goods have been raised by 20 per cent. These two measures are seen as mainly psychological, as the prime rate remains at 23.5 per cent while the import cut mainly affects 50 consumer products.

The overall effect of the package will be to boost domestic credit growth to an annual rate of 43.3 per cent, partly through liberalisation of bank lending and partly through the Government's *abandonment* of its *commitment* to e balanced budget.

About 75,000 new jobs are expected to be created by the end of the year, holding unemployment to no more than 5.5 per cent of the workforce. This will still be higher than the jobless figure forecast last January when the Sonth Korean won was devalued by 15.5 per cent.

The Government has decided to maintain concessionary export credits at the present level of 12 per cent, at least until the end of the year, dropping a plan to raise the rate to 15 per cent at mid-year.

Although the measures are aimed mainly at the domestic sector, the overall effects are expected to add about £214m to the current account deficit, taking it to an estimated £2.35bn-£2.57bn for the full year.

Three die in harbour fire

THREE people were killed and more than a bundred injured wben a fire and a series of explosions swept across Port Klang, Malaysia's biggest port, early yesterday, Wong Sulong, reports from Kuala Lumpur.

Six warehouses, storing chemicals, fertilisers, ruhber, palm oil and paint, were destroyed and damage was estimated at more than 20m ringgits (£3.96m). The sonth port area has been closed indefinitely and traffic is being diverted to tha north port, a mile away.

Carter faces Democratic revolt on oil import veto

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT CARTER'S deeply unpopular oil import fee plan appeared doomed yesterday, as the U.S. Congress completed moves to block it going into effect.

The President has committed himself to using his veto power to ignore the Congressional action, arguing that the import fee is vital to curb foreign oil purchases.

But the size of the votes against him—376 to 30 int he House of Representatives and 73 to 16 in the Senate, indicate that Congress will succeed in getting the necessary two-thirds majority to override him.

It would be the first time in the whole of President Carter's White House term that he might have a veto overturned. Congres5 rebuff struck a sonr note for the President in the week in which be finally won enough Democratic party delegates to be fairly sure of re-nomination.

Capitol Hill Democrats have played a majielorroLelnstocea played a major role in opposing the import fee. This, along with Senator Edward Kennedy's refusal so far to concede victory to Mr. Carter, is evidence of the lack of party unity behind the President.

Mr. Carter has by the Constitution, 10 days within which to act on the Congressional blocking resolntion on the import fee. He is, however, expected to act much sooner than that, because the resolution is attached to a temporary extension of the Federal Government's borrowing power.

Three months ago, Mr. Carter proposed the $4.62 a barrel fee on imported oil, mainly to cut purchases of foreign oil by an estimated 100,000 barrels a day and partly to raise revenue hy more than $10bn to put the 1980-81 hudget into surplus.

However, quite apart from the political opposition in Congress to the plan, the fee is under challenge in the courts and has not been put into effect.

Both the courts and Congress have objected to the President seeking to pass on the import fee.

Mr. Carter has accused Congressional leaders of "political cowardice" *in first backing* the oil fee when joint Administration-Congressional negotiations on economic policy took place in March, and then backing away from it because of the approach of the November elections.

Mr. "Tip" O'Neill, Speaker of the House, and one of the few Capitol Hill leaders to stick with the President on this issue, said yesterday that the expected Carter veto would at least "show our European allies the will of the President in that he is doing everything he can for energy conservation."

Energy conservation will be discussed between Mr. Carter and major European leaders at the forthcoming Venice economic summit.

OPEC oil prodncers are also due to meet next week. Mr. O'Neill said "The OPEC countries may increase the price of oil 20 per cent in the next 60 to 90 days,

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Bid to close rift with Kennedy

BY OUR WASHINGTON CORRESPONDENT

PRESIDENT CARTER is seeking to conserve his overall victory in the 1980 primary elections bytrying to heal the deep breach with Senator Edward Kennedy inside his own Democratic party and to fend off the threat to his political base posed by Mr. John Anderson running as an Independent in the Presidential election.

If the President fails in this twin task, observers believe he could lose to *Mr. Ronald Reagan* in November. The Carter White House had considered the former *California Governor the* easiest Republican to beat—but that reckoning was made without the degree *of unity* Mr. Reagan has won in his party and the present polarisation *among Democrats*.

Dr. Henry Kissinger, the former Secretary of State, who *recentl- backed a candidacy* effort by Mr. Gerald Ford, the former President, in order to *stop* Mr. Reagan, bas this week urged Mr. Reagan's elevation to the White House.

Mr. Carter was to hold a crucial meetin gat the hWite House later yesterday with Senator Kennedy. The President bas said he does not expect the Massachusetts Senator to throw *in the towle quickly, after* the latter's five primary wins on Tuesday.

Kennedy supporters in the party are urging the President to treat gingerly and with *circumspection* the *senator's* feelings. He is apparently embittered by Mr. Carter's point-blank refusal to engage him in debate through the long drawn out primaries.

*O nthe other hand, Represen*tative Morris Udall, a liberal Democrat, who was placed in a not dissimilar posiiton when he ran against Mr. Carter four years ago, said yesterday it was unrealistic to try to deny Mr. Carter the nomination now.

Mr. Carter bas some 300 more delegates than the 1,666 majority to get the Convention Nomination. For Senator Kennedy to try to reverse that, "would offend a bell of a lot of people," Mr. Udall said.

On his other flank, Mr. Carter is mounting a series of legal challenges to try to prevent Mr. Inscribed on state ballots for Anderson getting his name the November election as an *independent*.

So far, Mr. Anderson has succedded in doing this in only three states, and he faces an nphill battle in the courts to succeed elsewhere.

Mr. Carter is going through the medium of the Democratic National Committee, which has hudgeted $225,000 and is recruiting lawyers for the legal sparforces.
ring against the Anderson

The DNC maintains its action is in the interest of preserving the two-party system against third party intruders. But It is noteworthy that the Repnblican National Committee is undertaking no such effort.

Mr. Anderson failed earlier in this year's Republican primaries, precisely because he is more attractive to many Democrats who like his social liberalism more than Mr. Carter's policies, and who respect him more Kennedy.

'Breakthrough' claim for electric car

BY IAN HARGREAVES IN NEW YORK

GULF AND WESTERN Industries, the New York conglomerate, yesterday unveiled an electric power unit for cars and trucks which It helieves will put 34m electric vebicles on U.S. roads by the year 2000.

Mr. Jim Judelson, the company president, who is an engineer, hailed the superbattery system as "a major achievement in the world of high tecbnology and one of the most meaningful developments in technology since the turn of the century."

These bold claims, in an industry littered with disappointed expectations, have so far heen tested in a Volkswagen car and a Japanese van.

The VW Rabbit, known in Europe as the Golf, has demonstrated a range of 150 miles at 55 mph (the legal limit in the U.S.). Its claimed acceleration is 0 to 30 mpb in 9.8 seconds.

Range an dspeed have heen a crucial limitation on *previous* electric vehicle prototypes and even the Gulf and Western *vehicle* is conceived only as a second car for the two-car family.

The *company* claims to have swept away a number of critical handicaps in the development of wbat is fundamentally a series of interconnected zinc-chloride batteries.

Among the claims made for the power system are: That it can be fully recharged within six to eight hours, overnight in a garage; It is almost one quarter the weight of a comparable lead acid battery; Its energy density is four times greater than rival lead acid systems, meaning it can provide u pto four times the watt hours per pound of lead acid batteries.

It is virtually failsafe in that its graphite plates are not subject to deterioration and hecause its multiple cell structure would permit a single cell failure with negligible loss of power. G and W says it has tested the system without any failure over an equivalent of 200,000 miles.

The technology, one of six main battery systems being researched in the world, stemmed initially from G and W's activities as a *zinc* producer and later from its work on energy storage systems.

Mr. Jndelson said G and W planned to open a full-scale production facility for the power system in 1983-84.

So far, G and W has epent $16m on the project, on top of $27m committed by the Government and research agencies.

Argentina helps to reschedule Bolivia debt

By Hugh O'Shaughnessy

THE ARGENTINE Central Bank is *helping Bolivia* with its current international financial problems but, despite the new *rapprochement* with Brazil, Argentina does not intend to assist the Brazilian authorities with their balance of paymets difficulties.

This was stated in London yesterday by members of the Argentina economic mission at present touring Western Europe.

Sr. Francisco Soldati, a director of the central bank, disclosed that, at the suggestion of the International Monetary Fund and the invitation of the Bolivian Government, be was helping Bolivia with its negotiations to secure a rescheduling of its foreign debt.

This stood at $3.4bn last June. The total of export absorbed by debt servicing this year is 40 per cent compared with 29 per cent in 1978.

Bolivian imports doubled in 1978 and 1979 and oil production, which had given Bolivia a minor boom in the early 1970s, fell away last year. The outlook for tin, Bolivia's major export, is uncertain.

Sr. Soldatt indicated that Bolivia was seeking between $150m and $200m to meet this *year's maturities*. Bankers, however, feel the country will need an overall sum well *in excess of this*.

Sr. Soldati, backed by Sr. Federico Dumas, who is in charge of *foreign* investment at the conomy Ministry, was adamant that Argentina *would not be* coming to the aid of Brazil, the size and servicing of whose foreign *debt is causing some anxiety* at present. "That is their problem," Sr. Soldati com*mented*.

gration between the two countries, inaugurated by the recent visit of General Joao Figueiredo, the Brazilian President, to Buenos Aires, *would* rather concentrate on co-operation in such fields as the automotive industry and the supply of Argentine natural gas to Brazil, Sr. Soldati and Sr. Dumas emphasised.

Reuter reports from La Paz: Three bomb blasts rocked Santa Cruz, Bolivia's second city, yesterday, as tension between the civilian Government and the armed forces continued to rise, following the decision of the congress to put Gen. Banzer, the former military strongman, on trial.

Ethiopia poised for another Ogaden drive

BY JAMES BUXTON

ETHIOPIA is reinforcing its troops in the Somali-populated Ogaden region in the south-east of the country and is taking delivery of extra Soviet military equipment suitable for counter-insurgency.

Western intelligence officials believe that the Ethiopians are preparing a major campaign to defeat Somali guerrillas in the Ogaden. But Western diplomats in Ethiopia are sceptical about Somali claims that Ethiopia is trying to achieve a "final solution" by exterminating or driving ont Somalis from its territories.

The guerrilla fighting coincides with drought end famine affecting 5m people in the Ogaden and other parts of Ethiopia, as well as thousands more in Somalia, southern Sudan, northern Uganda, and northern Kenya. Some 1,500 refugees are said to be crossing each day from the Ogaden into Somalia and more than 600,000 people are reported to he in refugee camps there.

The Ogaden is semi-arid and almost entirely populated by nomadic Somali herdsmen. Fighting there has not ceased since Somalia's defeat hy Cuban and Ethiopian troops using mainly Russian equipment in the 1977-78 war. It has intensified in the past six months.

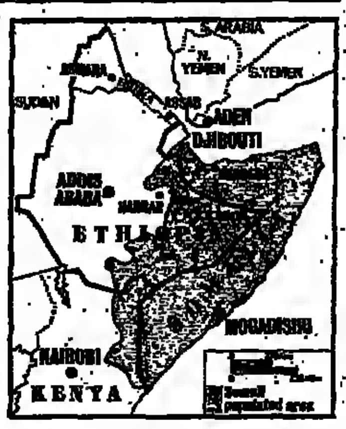
*The Western Somalia Libera*tion Front guerrillas are believed to have been strengthened by *regular troops* officially "on leave" from the Somali army. Ethiopian and Cuban garrisons, the latter numbering more than 10,000, have been confined to the main settlements, only occasionally journeying between them in heavily protected convoys. The WSLF often claims to have inflicted heavy casualties on them i nattacks or with mines. Partly in retaliation, Ethiopian aircraft have occasionally bombed towns and villages in Somalia itself.

Ethiopia is now reported to be re-deploying troops from its northern province of Eritrea, where there has heen a lull in the bitter guerrilla war. The Ethiopians are also said to be taking delivery of wbat Western intelligence officials call "abnormally high" quantities of Russian arms, suitable for air and ground attacks on guerrillas.

Because of virtual drought since 1978, pasture in the Ogadan has disappeared and herds of animals have been dying. At Imi on the Wabi Shebelle river at the heart of the region, relief officials say only 1,250 sheep and goats remain alive out of flocks of 650,000. An Oxfam officiai counted 1,000 cattle carcasses o na 20-mile drive ont of Jijiga, near the northern Somali horder.

In the Somali refugee camps, nomads claim that Ethiopian and Cuban troops are encouraging the exodus by machine-gunning herds, *poisoning* wells and destroying crops. Yet from Ethiopia come tales of Somali forces *shepherding* whole Somali communities across the border against their will, pre*venting them from returning* end forcing the menfolk to join the guerrillas.

Somali merchants are ellegedly being forbidden to trade badly needed butter oil across the border with Ethiopia. Critics of President Siad Barre's regime suggest that Somalia is deliberately increasing the number of refugees and stepping up the fighting as a diversion from political difficulties at bome.



*Desplte heavy Soviet involve*ment in Ethiopia, the U.S. is reluctant to become involved on the Somali side. Negotiations for the U.S. to take over the former Russian naval and air force base at Berbera as part of its plan to increase its presence in the Indian Ocean have been delayed because of the gap between Somalia's request for $1bn (£428m) in economic and military aid over five years and the U.S. offer of $40m.

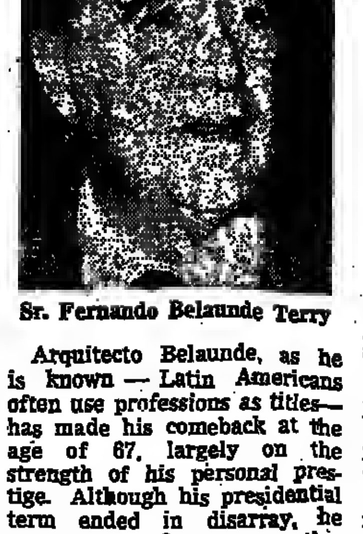
Doreen Gillespie reports on the new President leading Peru back to democracy

Economic doubts as Belaunde arrives

CRITICS of Peru's first civilian president in 12 years complain that Sr. Fernando Belaunde is a long-winded speaker who slips a geography lesson into every speech. He will talk fondly of a highway in the jungle which he started during his first presidency, or mining camps high in the Andes or irrigation for coastal deserts.

He is a great traveller who knows and loves Pern's varied territory. But he is one of *few* people to wbom decentralisation is not just a catchword in a country where the bulk of *industry* and business *is in* Lima, the capital.

An architect and a university *professor*, wbo has been active in politics since be was elected to Congress in 1946, Sr. Belaunde started travelling by canoe, barge and donkey in the Peruvian backwoods hefore he launched his first presidential campaign in 1956. Despite a strong showing be did not become President until a third attempt in 1963, only to be ousted by the armed forces towards the end of his term in October, 1968.



Sr. Fernando Belaunde Terry

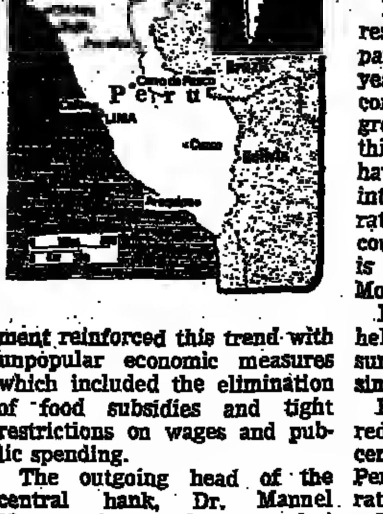
Arquitecto Belaunde, as he is known — Latin Americans often use professions *as* titles— has made his comeback at the age of 67, largely on the strength of his personal prestige. Although his presidential term ended in disarray, he came away with a reputation for idealism and honesty.

When be takes office on July 28, he will attempt to introduce an ambitious social programme. He bas promised to create a million new jobs over the next two years, both *to improve* agricultural production, which bas dropped sharply over the last 12 years, and to *improve* the standard of living among the 17m population.

Sr Belaunde intends to maintain Peru's position as a self-sufficient oil producer, and to promote small-scale projects in irrigation, transport, marketing and co-operative purchasing.

Once a fiery politician who fonght a duel with an opponent in his youth, Sr Belaunde is now seen as a Centrist senior statesman able to attract sup*port from most of the political* spectrum. But opponents still doubt his ability to hold the *country together*, and *to* maintain the economic stability achieved in the last two years by the *military government*.

At the moment Peru is polsed for a rapid economic recovery *following* the discovery of large new quantities of oil, which have considerably eased the balance of payments crisis of the mid 1970s. The Government reinforced this trend with unpopular economic measures which included the elimination of food subsidies and tight restrictions on wages and public spending.



The outgoing head of the central hank, Dr. Mannel Moreyra, is one who warns that any attempt by the new president to reflate the economy quickly will negate many of the gains of the last couple of years.

Dr. Moreyra said the military economy which was ready for democracy, and that he boped Sr Belaunde *would* not he *too* quick to dismantle his predecessor's policies.
was at least leaving an *orderly*

Peru's net international reserves are nearing $1bn com*pared* to *debt of $1.3bn two* years ago. From a period of contraction, the economy is *growing 5 per cent i nreal terms* this year and internal savings have almost tripled. Realistic *interest* rates and exchange rates have ensured that the country is saving more than it is spending, according to Dr. Moreyra.

High mineral prices bave also helped give Peru a trade surplus of $1.4hn last year, with similar prospects for 1980.

Foreign debt has been reduced, debt service is 35 per cent of export revenue, and Peru has regained a good credit rating, Dr. Moreyra said.

Inflation is still a problem. Prices rose 74 per cent in 1978 and 68 per cent last year. The present government expects it to drop to 50 per cent by the end of this year.

Solomon backs NY free banking zone

BY DAVID LASCELLES IN NEW YORK

WALL STREET bas been encouraged by a statement by Mr. Anthony Solomon, the new president of the New York Federal Reserve, that be favours the establishment of a free banking zone to attract more international banking business to the U.S., and give Washington a bigger say in controlling the Euromarkets.

Mr. Solomon did not specifically say he thought the zone should be established in New Yrk, but his views are the firmest indication yet of high-level thinking within the Federal Reserve system, though they have not been endorsed by the Fed Board itself.

Mr. John Jorell, vice-chairman of Manufacturers Hanover, the New York hank which has spearheaded moves to get the zone established, said he thought Mr. Solomon's statement marked something of a hreakthrough at the Federal level, and was "most positive."

Addressing the annual meeting of the New York Bankers Association earlier this week, Mr. Solomon said: "The proposed international banking facility is consistent with the national interests of the U.S., and could strengthen our hand in international discussions of how offshore markets should be treated."

Mr. Solomon based his views on the argument that foreign banks still have a competitive advantage over *domestic banks* in the U.S. markets because of loopboles in the regulations. But *this could* be *evened* nut in a zone fre of the Fed's reserve requirements, state taxes, and Interest rate ceilings."

But, he said, he would prefer to see a return of Eurodollar businss to the U.S., and foregin-based deposit and loan business serviced from the U.S.

The Federal Reserve in Washington has still to comment on the proposal.

ENERGY REVIEW: CHINA

BY TONY WALKER IN PEKING

Offshore oil revolution in the 1980s

CHINA, despite territorial disputes with several of its neighbours, including Japan, over offshore areas believed to be rich in oil, is pressing ahead with an ambitious survey and exploration programme which could see the beginning of large-scale offshore oil production by the mid- to late-1980s.

Last week it was announced that two French companies—Societe Nationale Elf Aquitaine and Total—had signed joint exploration and development agreements with China's Petroleum Corporation for leases in the Bohai Gnlf. These are just two of a number of agreements the Chinese are negotiating with foreign corporations and governments for offshore oil development.

In Tokyo last week during the visit by China's Premier, Hua Guofeng, a joint venture agreement was concluded for prospecting and exploitation of areas of the Bohai Gulf by the Japanese National Oil Company and the China Oil and Natural Gas Exploration and Exploitation Company.

The signing of the agreement makes it clear that Peking is not allowing its dispnte with Tokyo over areas of the East China Sea affect development plans, in spite of a stern editorial in the Communist Party newspaper, People's Daily, last month. This accused Japan of "turning a deaf ear" to Chinese protests about Japanese and South Korean plans to test drill in an area China regards as part of its continnental shelf.

Japan and South Korea signed an agreement in 1974 to designate certain areas of the East China Sea "joint development zones" and have announced they will soon begin full-scale exploration.

Discussions

Western diplomats in Peking say the vigorous Chinese protest should not be taken too seriously and that it is in neither governments' interests to allow the dispnte to affect relations.

The agreements signed last week point to a quickening of activity in the oil exploration business which is likely to build up through this year. Within the past few weeks representatives of several foreign oil companies, including British Petroleum, have visited Peking to discus the results of seismic surveys conducted in a number of concession areas in the Yellow Sea and South China Sea.

It is also rumoured that China is setting up a new "super" energy ministry under Yu Qiuli, head of the State Planning Commission and one of China's most respected administrators, to oversee the development of the country's energy resources. It was Mr. Yu, then in charge of the Petroleum Industry Ministry, who oversaw the construction in the late 1950s and early 1960s of Daqing oilfield in China's north-east which now provides between 40-50 per cent of the country's needs.

One of the main tasks of the new ministry would be to ensure that China reaps the maximum benefit from agreements reached to exploit its extensive reserves.

Estimates vary wildly as to how much oil China has both offshore and onshore, but according to U.S. Central Intelligence Agency forecasts, based on scanty evidence, reserves amount to about 40bn barrela onshore and a similar amount offshore. Shale oil reserves are said to be considerable. Most experts agree, however, that predictions commonplace in the mid-1970s that China would be the next oil giant were at best premature.

The January-February edition of China Business Review, the publication of the National Council for U.S.-China trade, forecast that by 1990, China could be exporting 50m metric tons of oil per year, which could pay for around 23 per cent of projected imports. This forecast compares with the figure today of about 12m tons paying for 13 per cent of imports.

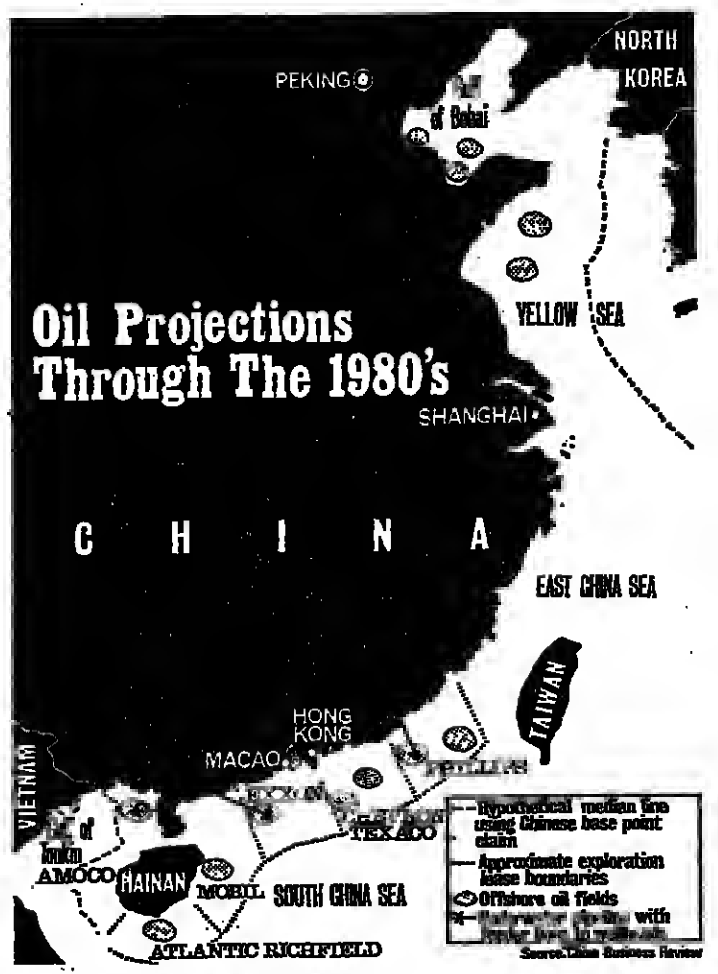
The main constraint on China's oil imports is rapidly rising demand, which is expected to limit future exports to around 10-12 per cent of total onshore production," the magazine says. "With onshore production faltering due to the depletion of the Daqing oilfield, and modest results to date from new field in Hebei province and regions further inland, the outlook is for slow growth of oil ontpnt in the next few years."

This analysis makes it doubly imperative that China gets on with the job of exploiting its offshore reserves.

China Business Review says that if China can hold the export share of onshore production steady at 12 per cent, exports could achieve 15m metric tons by 1984.

"Beginning in 1985, however, the start np of offshore production could significantly boost exports by approximately 20 per cent per year to 50m tons by 1990."

"Given these conservative estimates," the magazine says, "China's oil revenues could approach U.S.$16bn in current terms by 1990, a sum equivalent to 23 per cent of China's projected imports in that year. With present oil exports accounting for only 13 per eent of the value of China's total imports, this increase will represent a substantial and probably critical, contribution to China's modernisation programme."



While China Business Review describes these estimates as "conservative," they are, nevertheless, based on reasonably ambitious predictions regarding the speed at which China can be expected to get on with allocating exploration leases and concluding production contracts.

A number of foreign corporations are in the process of completing seismic surveys over vast areas of coastline, stretching from Bobai Gulf in the North to the Gulf of Tonkin and the South China Sea. The surveys are expected to be completed within the next few months and China has indicated it will open up one-third of the surveyed area in the second half of the year for competitive bidding for exploration and development rights.

Companies which have carried out seismic surveys in areas allocated to them in the Yellow Sea and South Cbina Sea are not heing given preference in developing those areas. They will have to take their chances when tenders are called.

China has broken its offshore areas up into three sections for survey, exploration and eventual development. These areas are:—

● The Bohai Gulf where the Japanese and the French are the operators. Preliminary exploration work is more advanced in the Bohai than elsewhere as demonstrated by the agreements reached last week.

Under the agreement between the Japan National Oil Company (JNOC) and the Chinese, Japan will provide about US$200m for exploration and each side will speod about US$500m on development. In return, Japan will receive a little more than 40 per cent of the oil when it comes on stream. The exploration zone covers about 15,000 square miles in the southern and western sections of the Gulf.

The agreement reached by Total and Elf Aquitaine extends over 10,000 square miles in the Northern Bohai. Under the terms of the agreement, the French companies will pay 49 per cent of exploration and development costs and take a share of production.

● The Yellow Sea, whicb tbe Chinese have divided hetween British and French operators.

Elf Aquitaine is at the head of a group of companies surveying 30,000 square miles of the Yellow Sea stretching out from the Shandong peninsula while BP is surveying about 15,000 square miles of the Yellow Sea north of Shangbai.

● The South China Sea where American companies have signed agreemeots to conduct surveys in six concession areas. Operators for these concessions are Phillips, Chevron, Texaco, Exxon, Mobil, Atlantic Richfield and Amoco.

At least 30 companles are participating in the seismic shootings in the eight concession areas spread across the Yellow and South China Seas. Some companies and government-run corporations, notably JNOC, are participating in more than one of the surveys.

A complicating factor so far as survey work in the South China Sea and Gulf of Tonkin is concerned is the territorial dispute between Cbina and Vietnam. China has granted concessions for survey work in a number of areas claimed by Vietnam. The Vietnamese, for their part, have signed exploration contracts for oil searches in areas claimed by China.

Peking is locked in a particularly bitter dispute with Hanoi over the Paracel and Spratly Islands in the South China Sea, made all the more intense by China's recent discovery of oil in the Paracels.

As already mentioned, China has run into problems maintaining a surplus for export. This is despite persistent (and often confusing) reports of new discoveries or expanded estimates of reserves at existing fields.

In 1979 production of crude slowed dramatically after years of solid increases—in the order of 20 per cent over the decade ending in 1977.

The Chinese have responded to reports that production is running down at Daqing by making much of the field's potential, revealing in a New Cbina News Agency despatch in April that a number of new deposits had been discovered on the fringes of the field.

Other major Chinese onshore fields are the Sbengli oilfield on the East China coast and the Rengiu oilfield in Central Mbebei province.

The slowdown in production and higher than expected domestic consumption is causing the Chinese problems meeting commitments to overseas purchasers, notably the Japanese. In an effort to keep about 12 per cent of production for export, China has sought to limit domestic consumption by switching oil-fired generators back to coal.

Authorities have also introduced rigorous conservation measures.

While production may have slowed, tbe price of oil has continued to rise dramatically, more than compensating for reduced growth. In 1979 China started the year charging Japan U.S.$13.90 a barrel and finisbed up selling it to Japan at U.S.$26.00 per barrel in line with OPEC rises. The price to "friendship" customers such as Thailand was $23.65 a barrel, up from $11.40 in the first quarter of the year.

Methodical

China is also seeking to sell more refined products on the spot market and in this appears to be having some success. Unlike some areas of activity in which they are involved, the Chinese, in their oil development plans, appear to be tackling the business in a methodical fashion.

Last month it was announced that preliminary agreement had been reached with the Hughes tool company to build a factory in Sichuan province to manufacture drill bits for the oil industry. According to a brief New Cbina News agency announcement the plant will cost about U.S.$250m and take several years to construct.

China is also preparing at least one of its coastal cities for a big influx of foreign oilmen. At Zhanjiang in South East China, work is already is progress to develop the port as a supply base for exploration and development in the South China sea and the Gulf of Tonkin.

All this, of course, costs money. Oil industry experts estimate that it will cost about U.S.$10bn to bring China's production both onshore and offshore up from 106m tons to 200m tons.

On the present world price there is every prospect of a splendid return for the investment costs of oil exploration and bringing on stream—if the oil is there is reasonable quantities.

Nigerians stick to tough line on oil groups with SA ties

BY MARK WEBSTER

THE NIGERIAN Government has issued its starkest warning to date that it will take the same tough line as the previous military regime over oil companies dealing with South Africa.

Mr. Akporode Clark, the country's delegate to the UN, threatened in Wednesday's Security Council meeting that Nigeria would seize any vessel entering its waters known to have carried oil or arms to South Africa.

President Shebu Shagari, Nigeria's head of state, has made it clear since he came to power eight months ago that there will he no change to the military's tough line on companies which did business with South Africa.

But his administration had been expected to take a more pragmatic stand than the military regime, which had nationalised British Petroleum's interests in Nigeria because of the nature of the company's dealings with the Republic.

Britain is in a particularly sensitive position in Nigeria because of its high profile both as the former colonial power and the biggest trading partner with the country.

The UK runs a substantial trade surplus with Nigeria and in 1977-78 sold more than £1bn worth of goods to the country. Although trade fell last year, reflecting the poor performance of the Nigerian economy and measures taken against British companies, trade could again top the £1bn mark this year.

Britain's important links with South Africa therefore make it a perfect target for retaliatory measures by the Nigerian Government if it should choose to make a dramatic gesture similar to the BP move.

BP's loss of its 20 per cent interest in the joint operating company Shell-BP came after a South African-owned tanker, the Kulu, which had been chartered by BP, called at a Nigerian port.

The Nigerians were already incensed by that when the UK Government agreed to let BP sell more oil to Europe from the North Sea, so releasing non-embargoed oil from other countries for sale to South Africa.

At the time of the nationalisation, on the eve of the Commonwealth Conference in Lusaka, Nigeria described the Government decision as a "thinly disguised plot" to sell Nigerian crude to the Republic—a charge strongly refuted by BP.

Hunting for trade in francophone Africa

BY MARK WEBSTER

"IF THE FRANC ZONE is a French 'chasse gardee' then we will have to do some poaching," a British trade official said recently.

His fighting words refer to that grouping of former French colonial nations in Central and West Africa that have become known as a private hunting preserve—a chasse gardee—for French interests because of their almost unchallenged domination of traditional export markets within the zone.

Businessmen blame their lack of success on the language problem, the poor communications with any European capital but Paris, and the relative strength of French goods throughout the zone. But they also point out that the operations of the franc zone—especially the guaranteed parity between the French franc and the local currency—makes trade with France a much more straightforward proposition.

Nonetheless, businessmen have also reported signs of a marked willingness among franc zone member nations to diversify their trading partners and encourage investment from other nations. It is a market businessmen are anxious to penetrate because of the comparative success of such economies as Cameroon, Gabon and, although it is now experiencing difficulties, Ivory Coast.

As a sign of the growing interest in the franc zone by British companies, the London Chamber of Commerce yesterday held a conference called Passport to Francophone Africa. The meeting dealt with ways of entering the fast-expanding market in francophone Africa and the difficulties which might be encountered.

There are 12 African countries in the franc zone, 11 of which are members of the two big groupings in West and Central Africa. The twelfth, Mali, has a separate agreement with France under which its central bank is jointly managed. Although the agreements between France and the two big groupings vary slightly, they operate on the same principles.

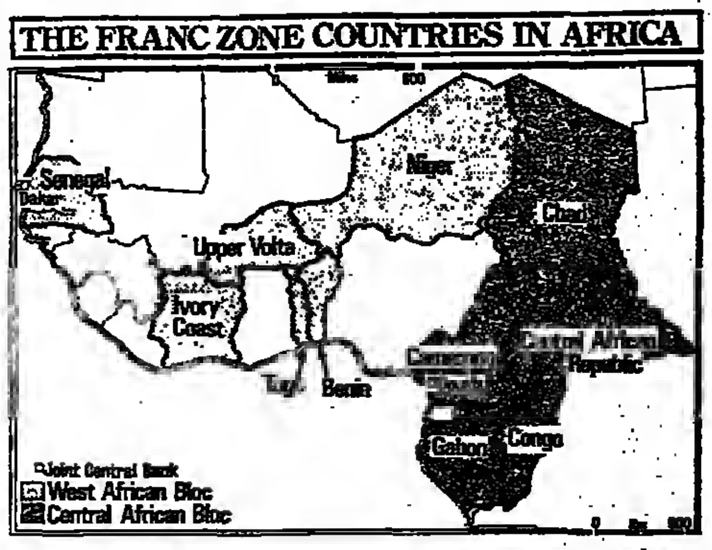
The West African Monetary Union (UMOA) comprises the Ivory Coast, Senegal, Togo, Benin, Niger and Upper Volta. They have a joint central bank based in Dakar, Senegal.

The Customs Union of Central African States (UDEAC) is made up of Cameroon, Gabon, Chad, the Congo and the Central African Republic, and its central bank is sited in Donala, Cameroon.

Although both zones have been in operation since before independence, they have significantly altered their relationship with France with the signing of new treaties in 1972 and 1973. Following those treaties, the headquarters of the groupings were moved from Paris to Africa, and the French representation on the governing boards was reduced.

Under the treaties, the members agree common monetary policies at regular meetings allowing individual countries a ceiling on credits from their central banks appropriate to their needs. They pool all their foreign exchange reserves and permit their partner countries to go on drawing as long as they have a safe level of reserves.

THE FRANC ZONE COUNTRIES IN AFRICA



They also allow free transfers both within the zone and outside.

The rules on free transfers make the zone countries particularly attractive to exporters because the zone currency—the Communaute Financiere Africaine—CFA franc is fully convertible.

In the past, France has rarely been called on to provide backing for its own reserves because the zones have followed a policy of living within their means. The West African zone, for instance, tries to maintain reserves giving about three months import cover for all member countries, although this is now down to around two months.

But the poor performance of the Ivory Coast's economy, traditionally the strong man of the group, makes it certain that France will have to allow the zone to become overdrawn on the operations account which the central banks each have with the French Treasury. Into that account they must pay a high percentage (65 per cent in West Africa and 80 per cent for Central Africa) of all their foreign exchange when they are in surplus. But they also have unlimited overdraft facilities when they need them.

The benefits for the zone countries are clear. They have a stable currency, a central bank which cannot answer to whims of any one government which demands more credit than is considered wise, and the policy of free transfers has made them attractive to outside investors.

France's main benefit is trade. France exported FFr 20.8bn (£2.1bn) to the franc zone countries in 1979 while it imported some FFr 13.8bn (£1.4bn) from them. The healthy trade surplus has been a characteristic since the zone was founded, and French business has taken advantage of the stable conditions in the countries and the free transfers.

But there is also the controversial aspect of how much political influence the zone gives the French. The zone has been attacked as an example of neo-colonialism by some other African states though, in private, they may envy the stability of the zone's member economies.

France strongly denies such claims, but, nevertheless, reinforces its strong ties with the member countries by giving them some 75 per cent of its total foreign aid. Diplomats say this fact naturally gives France a strong say in the country's affairs.

Turkey sets up new debt repayment programme

By Metin Munir in Ankara

THE TURKISH Government has announced a new programme for liquidating debts to foreign suppliers of about $1.8bn (£774m).

The programme cancels the original version, introduced by the free enterprise Suleyman Demirel Government more than four months ago.

Drafted in the light of criticism and recommendations from the suppliers, the programme is likely to be final as the Turkish authorities have incorporated every recommendation found to be feasible in view of the sharp economic crisis facing their country.

The programme offers two repayment options, one in Turkish lira and the other in foreign currency.

Those who opt for the foreign currency scheme will accept repayment over 10 years, with the first instalment disbursed at the end of the 54th month. Consequent payment will be in semi-annual instalments of 7.5 per cent of the total for the first eight and 10 per cent for the rest.

Repayment would be made in five foreign currencies, each carrying a different interest rate: 6 per cent for U.S. dollars, 4 per cent for D-Marks, 8 per cent for sterling, 7 per cent for the French franc and 3 per cent for the Swiss franc.

Repayment in Turkish Lira will be made immediately for debts of up to $10,000 and in 12 equal two-monthly instalments for sums above this. The programme indicates fields in which the Turkish lira could be utilised locally, including establishing tourism and trade centres, buying into Turkish companies or making new investments.

A new stipulation in the programme allows suppliers to transfer their outstanding claims to third parties. Debts of up to $1m can be transferred to foreign banks or financing institutions which would be announced by the Turkish Central Bank. Debts exceeding this sum may be transferred to Turkish, foreign or other creditors.

Suppliers should apply to the central bank in writing by August 30 stating which option they choose.

● W. & T. Avery, has won a £160,000 contract from the Yemen Arab Republic to build, install and service seven axle weighers for the North Yemen Highway Authority. The 40-tonne-capacity machines will be sited at the port of Hodeidah and four other stations where they will control vehicle weights to prevent road damage by over-loaded axles. The equipment will be installed by Weighing Machine Services of Dubai, an Avery

Japanese plan VHD deal in U.S.

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

MATSUSHITA ELECTRIC confirmed yesterday that it has had talks with General Electric of the U.S. on joint promotion and manufacture of the VHD system for video disc players.

If the talks are successful Matsushita will make an arrangement with GE similar to that announced in April between the Victor Company of Japan the originator of the VHD system) and Thorn EMI. The tie-up with GE would give the VHD system its first foothold in the U.S. market, just as the Victor-Thorn agreement opened the door to the British and European markets.

The VHD (video high density disc) system is one of three competing formulas in the video disc market. The other two, both in a more advanced stage of readiness for the market than VHD, are the optical system developed by Philips and the stylus system pioneered by RCA.

The Philips system is already on sale in some parts of the U.S., while the RCA formula should go on sale early next year. Matsushita said yesterday that it hoped to have VHD formula equipment on sale in the U.S. by Christmas, 1981.

The partnership between Matsushita and Victor in developing and promoting the VHD system has followed a similar course to the same two companies' collaboration in video tape recorders. Victor, a 51 per cent-owned subsidiary of Matsushita, developed the VHS formula for video tape recorders which was then taken up by its parent.

Matsushita signed agreements with a number of U.S. electrical companies for joint sales or manufacture of the VHS system.

An important difference between the history of the VHS system and that of the VHD so far is that production tie-ups with foreign companies seem to be preceeding the spread of the system inside Japan.

Swiss edict on trade with Iran

BY BRIJ KHINDARIA IN GENEVA

THE SWISS Government has sent a letter to industrialists asking them to "respect the normal framework" in business deals with Iran in sectors affected by trade embargoes imposed by the U.S. and the EEC.

The aim is to avoid taking advantage of any gaps created by the embargoes. The letter, sent on Wednesday by Mr. Paul Jolles, director of the Federal Foreign Trade Office, condemns the taking of hostages by Iran but adds that Switzerland cannot join the trade embargoes because of its policy of political neutrality.

One result of this policy is that Swiss embassies often provide communication links between hostile Governments and Switzerland is at present handling U.S. affairs in Iran.

Representatives of Swiss industry saw the letter as a formality aimed at alleviating fears of U.S. companies forced to end dealings with Iran. These representatives do not expect any major openings in Iranian markets because they think the EEC's embargo will not have much effect.

The present Iranian Government has so far not threatened Swiss oil supplies, but is displeased because of Switzerland's refusal to investigate the Shah's wealth. The Iranians claim that the Shah placed more than $20bn (£8.6bn) in cash, gold and jewellery in Swiss banks in the last days of his rule.

World wine production up by 20%

By Gareth Griffiths

WORLD WINE production rose by 20 per cent last year to a record 7.97bn gallons, although the increased harvests led to falling prices and a squeeze on margins.

A UN Food and Agriculture Organisation report just issued in Rome forecast that European Economic Community stocks will grow this year from 1.64bn gallons to 1.91bn. The EEC accounted for much of the increased production, and the surplus is expected to add to the Community's "wine lake" problem.

Production costs rose sharply around the world last year, and profits have declined. The previous production record was set in 1973-74, although the figure was 263m gallons lower than last year.

Figures for vineyard acreage show a shift away from Europe and North Africa to the Americas. The U.S. is emerging as a major wine market. Consumption last year in the main producing countries of France and Italy was down.

No price rise for Nordic pulp

By William Dullforce in Stockholm

THE FINNISH and Swedish pulp manufacturers will keep their prices unchanged during the third quarter of this year.

Finncell, the sales organisation for the Finnish mills, have announced it would maintain a price of $545 a tonne for the lead quality, bleached sulphate pulp, for deliveries until the end of September.

In Sweden, Stora Kopparberg was the first company to make a similar announcement.

However European papermakers can expect to pay more for Nordic pulp in the last quarter. Mr. Fitz Frankenhaeuser, Finncell's assistant managing director, said if the market remains firm, prices would have to go up in October because the mills needed higher profit margins.

PAYE error 'shows need for more income tax staff

FINANCIAL TIMES REPORTER

THE 27 PER CENT clerical error rate in PAYE income tax assessments shows the clear ueed for an increase in Inland Revenue staff, says Mr. Tony Christopher, general secretary of the Inland Revenue Staff Federation.

Speaking of disclosures by Sir Lawrence Airey, chairman of the Board of Inland Revenue, of substantial error rates discovered in spot checks in 43 PAYE offices, Mr. Christopher said it was disgraceful that the public was overcharged, and that they should be "up in arms."

The results of the spot checks, if applied to the whole nation, would mean that some taxpayers were overcharged a total of £18m in the 1977-78 tax year while others were undercharged a total of £25m.

Sir Lawrence volunteered the test data to the Commons Public Accounts Committee on Wednesday after a general question on errors in PAYE accounts.

Asked if he thought Sir Lawrence was trying to make a case for more Revenue staff, Mr. Christopher said he was struck by the fact that in his testimony Sir Lawrence carefully avoided calling for more staff. "We find that quite alarming."

He thought that Sir Lawrence might have wanted to discredit the PAYE system in the hope of accelerating the Revenue's computerisation programme, and adoption of self-assessment.

"He was just showing that the quality of service has fallen off. We agree."

He objected to Sir Lawrence's suggestion that "mild" industrial action by Inland Revenue staff last year accounted for much of the problem.

"We suspect the majority of errors comes from frequent building society interest rate changes. These are coded into PAYE, and require sophisticated corrections. Many may not have heen done."

Puhlic awareness of the error rate would lead more people to seek checks, even if *that clogged the system.* "The public should he demanding the service ti is entitled to."

Mr. Christopher said that the union welcomed computerisation because it wanted the Departmant to have high technology, offer highly-skilled johs and produce a high-quality service.

He feared that this was the worst time to do it, as staff cuts were being made.

Go-ahead for nuclear station fuel rods

By Martin Dickson, Energy Correspondent

THE CENTRAL Electricity Generating Board has begun the process of acquiring fuel rods for its first pressurised watr reactor (PWR) nuclear power station.

It has issued a letter of intent to British Nuclear Fuels, authorising the company to build the fuel rods for the American-designed station.

The CEGB intends to build the PWR as the first station in a major nuclear expansion programme announced by the Government last December. A choice for future reactor types will then be made between the PWR and its British rival, the Advanced Gas-cooled Reactor (AGR).

Construction work on the PWR was originally planned to *start in 1982, but has now* slipped to 1983-84.

Westinghouse is supplying the technology for the 1,100 MW station, is expected to be sited at Sizewell, Essex. The CEGB recently instructed the National Nuclear Corporation, which oversees Britain's nuclear construction programme, to start the design and manufacture of the PWR'a steam supply system.

BNOC to name oilfield 'Clyde'

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE British National Oil Corporation has given a name—the *Clyde Field — to one of its* North Sea discoveries and has announced the first steps towards its development.

Clyde field, which was discovered in June, 1978, lies 200 miles East of Dundee on block 30/17B.

BNOC, operator for the field, said yesterday that it had awardad two contracts for preliminary engineering studies for production facilities there. CJB/Earl and Wright will undertake the hasic design of a jacket, or platform structure. Davy McKee (Oil and Chemicals) will carry out hasic design work on the prodnction platform's topside facilities.

Recoverable

The Corporation has said it might submit a development plan to the Government for approval hy mid-1981.

Naming the field as "Clyde" is expected to set a precedent for the British National Oil Corporation to name its disooveries after Scottish rivers.

The corporation is already the operator for one producing field, Thistle, and one under development, Beatrice. But Clyde is the first it will have developed from the time of discovery. Its partners in the field are Esso and Shell.

Clyde is a medium-sized field whose recoverable reserves are estimated by stockbrokers Wood MacKenzie to lie in the 200m to 300m barrels range. Water depth in the area is approximately 260 feet. To date three well have been drilled on the main geological structure and consideration is being given to the drilling of a further appraisal well this year.

● Norwich Union Life Instrance Society was named yesterday as a member of a consortinm headed hy Marathon Oil which will submit applications for offshore licences in the UK seventh round. This is thought to be the first time that an insurance company has taken a direct investment stake in North Sea exploration.

Two of the large clearing banks—Barclays and National *Westminster — announced* recently that they intended to join consortia for the seventh round.

Other members of the group for which Marathon will be operator are: LMS Energy—a subsidiary of London Merchant Securities—and L.L. and E. (UK)—a subsidiary of Louisiana Land and Exploration.

Sound of gunfire at BNOC. Page 22

Weir to cut 900 Scottish jobs

By Ray Perman, Scottish Correspondent

WEIR GROUP, the UK's largest pump manufacturer, is to cut its Scottish workforce by 900 in a move to restore its competitiveness.

The group—a major exporter—signalled its distress last month with profits sharply down from £7.6m to £2.1m, and yesterday Mr. Ramsay Spence, managing director of the main operating company, Weir Pumps, was despondant about future prospects.

In common with other engineering firms, the company had entered 1980 facing poor de*mand and rising costs,* he *said,* but there was no prospect of an improvement in market conditions before the end of 1981.

Most of the redundancies will be at Weir Pumps' plants in Glasgow and Alloa, Clackmannanshire, hut 120 are also likely at Weir Westgarth, the *specialist subsidiary making* desalination equipment

Mr. Spence blamed particularly the high value of sterling and the effect of inflation on material prices and wages for making the company nncompetitive with overseas rivals.

A £12m investment programme had, bowever, provided the company with good facilities for production research and product development, he said.

Granada given leave to appeal against BSC leak ruling

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

GRANADA TELEVISION has won its plea to be allowed to make a final challenge to a court ruling that it must name the British Steel Corporation employee who leaked confidential documents to the World in Action programme.

Three Law Lords decided yesterday that the matter was of such public importance that Granada should be allowed a last appeal. Lord Diplock said the appeal would be heard on July 14 or July 17, depending on the Lords' other business.

Granada *was given* leave *to* appeal despite strong opposition from BSC. The corporation's counsel, Mr. Leonard Hoffman, QC, said the case was of considerable urgency for BSC.

"It ia faced with making important decisions and, at the moment, it is unable to do so. *Its high officers are unable* to have frank discussions among themselves because they do not know who to trust."

Mr. Hoffman said there had heen further leaks within the past two weeks. "Another document was leaked to the Financial Weekly, from whom we have had undertakings as to any further dissemination.

"The question of trying to obtain the identity of the source from them is held up pending your decision," he told the Law Lords.

The documents leaked to Granada formed the basis of a World in Action programme on February 4. They were subsequently returned to BSC but markings that might have enabled their source to he identified were obliterated.

Sir Robert Megarry, the Vice-Chancellor, ruled that Granada had no legal right to protect its informant. His decision was upheld by three Appeal Court judges who said Granada had behaved so irresponsibly that it had forfeited the normal right of the media to protect the sources of their information.

Tax plea for old buildings

THE OWNERS of historic buildings need greater tax help to encourage them to keep huildings in good repair, says the Historic Buildings Council for England in its annual report.

It is important that prohlems are spotted early. Many buildings do not qualify for grant aid and therefore need tax concessions.

Companies' liquidity deteriorates further

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE LIQUIDITY position of companies deteriorated further in hte first three months of this year *to a level only slightly* better than the worst position during the intense squeeze of 1974-75.

This is shown by the Department of Industry's quarterly survey of company liquidity, pnblished today in summary form in British Business, the department's weekly journal. Detailed results will be published next week.

The board conclusion is that the liquidity ratio—the relationship betwen financial assets such as eash and bank deposits and liabilities such as borrowing declined to betwen the levels of the second and third quarters of 1974. The worst of the 1974-75 liquidity squeeze was at the end of 1974.

The deterioration reflects the pressure from squeezed profit margins *and the cost of carrying* excessive levels of industrial stocks. The general expectation is that liquidity will worsen in the coming months.

A slightly surprisnng feature of the summary's conclusion is that the liquidity of non-manufacturing companies declined by more than that of manufacturing companies in the first quarter.

The liquidity ratio of non-manufacturing companies fell during the period to its lowest level since the quarterly survey started at the end of 1969. In absolute terms, however, the liquidity ratio of non-manufacturing remains significantly higher than that of manufacturing companies.

Drop in quarterly current account deficit to £417m

BY DAVID MARSH

BRITAIN'S deficit on the current account of the halance of payments narrowed to £417m in the first quarter, seasonally adjusted, from £711m in the fourth quarter of last year and a quarterly average of £580m during the whole of 1979.

The improvement compared with the previous quarter was mainly a result of an increase *in the surplus on invisibles* from £34m to £306m according to figures from the Central Statistical Office published yesterday.

The visible trade deficit was little changed at £723m, compared with £745m in the fourth quarter last year. However, it was about £100m below the average quarterly deficit for 1979, mainly because of an improvement in the balance of oil trade.

The surplus on invisibles—the sum of transactions in services, interest profits and dividends (ipd) and transfers—was much the same as the quarterly average for the first nine months of last year.

The surplus on services is maintaining its earlier level, hnt the ipd halance is showing an adverse trend dne *to* the build-up of profits remitted abroad from companies involved in North Sea oil and gas production. The net contribntion to the EEC hudget was lower in the first quarter than during the 1979 quarters.

The surplus of £1bn on capital account (including unidentified transactions) continned the substantial net inflows that occurred during 1979.

BALANCE OF PAYMENTS £m

	1977	1978	1979	1979 4th qtr.	1980 1st qtr.
Seasonally adjusted					
Visible trade (balance)	−2,239	−1,493	−3,312	−745	−723
Invisibles (balance):					
Services	+2,960	+3,275	+3,274	+876	+872
Interest, profits and dividends	+201	+1,061	+153	−189	−8
Transfers	−1,146	−1,911	−2,434	−653	−558
Total	+2,015	+2,425	+993	+34	+306
Current balance	−224	+932	−2,319	−711	−417
Not seasonally adjusted					
Current balance	−224	+932	−2,319	−516	−586
Investment and other capital transactions	+4,406	−3,199	+1,779	−122	+105
Balancing item	+3,179	+1,141	+2,251	+608	+879
Balance for official financing	+7,361	−1,126	+1,711	−30	+398
Allocation of Special Drawing Rights	—	—	+195	—	+180
Official financing					
Official reserves (drawings on, +: additions to, −)	−9,588	+2,329	−1,059	+116	−346
Other official financing	+2,727	−1,203	−847	−86	−232

Source: Central Statistical Office

Georgian silver salvers auctioned for £15,000

SALEROOM

BY ANTONY THORNCROFT

SOTHEBY'S SOLD a collection of English silver yesterday for £158,900. Some of the best items failed to sell because of high reserves and the bought in percentage was 37.

Top price was the £15,000, plus the 11.5 per cent buyer's premium and VAT, paid for a pair of George II silver gilt salvers made for George Booth, second Earl of Warrington in 1743 by David Willaume II of London. A similar pair made £14,500 to Koopman. An extensive service of table silver made in Queen Anne style in 1885 sold for £9,000 and a pair of William and Mary table candlesticks realised £7,500.

Also at Sotheby's a Kakiemon dish of the late 17th century went for £6,200 in an auction of Japanese works of art. A similar dish realised £4,500 last year. A large Arita apothecary'a bottle of around 1700 also made £6,200.

At Christie's oak furniture otalled £14,483, Harris the London dealer, paid £2,700 for a large oak refactory table of the 17th century. A set of six walnut dining chairs of 17th century design fetched £2,500.

Tinplate workers on short time

By Robin Reeves, Welsh Correspondent

SHORT-TIME WORKING is being introduced at British Steel Corporation's tinplate plants because of a decline in orders of some 15 per cent from a year ago.

The weekend shift at the three works, at Trostre, Velindre and Ebbw Vale, all in South Wales, will be cut out at least until the annual closure toward the end of July.

For many of the 9,000 workers at the three plants the cut will mean a reduction in pay of up to £20 a week.

BSC hopes that the cut is only temporary. Large quantities of tinplate were contracted from abroad by its traditional customers during the three-month strike. Once this material, bought from the U.S. and the Continent, has been used, it hopes for more orders.

The corporation is clearly nervous that a number of its major customers may carry out a threat made during the strike to reduce permanently their dependence on BSC supplies.

Stressed

Metal Box, the leading can manufacturer, confirmed yesterday that it had reduced its offtake from BSC for the time being. Because of uncertainty created by the strike it had contracted to buy some 75,000 tonnes of tinplate from U.S. and Continental sources, some 15 per cent of its annual usage.

A company spokesman stressed that no policy decision had yet been taken to reduce BSC's traditional 90 per cent share of its tinplate purchases permanently. Future policy was still under discussion in-house and with BSC, he said.

Under BSC's "slimline" retrenchment programme the tinplate group is due to lose about 500 jobs in this financial year, trimming the labour force of the three tinplate plants to some 3,500.

Last month BSC announced closure of Ebbw Vale's No. 1 galvanising line, with 80 redundancies. Earlier this week it gave notice of closure of its narrow hot strip mill at Whitehead Works, Newport, with 240 redundancies.

These job losses are modest, even though in Ebbw Vale some 6,000 steel jobs have disappeared in six years compared with the 20,000 Welsh steel redundancies being effected, or already implemented, at Shotton, Port Talbot and Llanwern.

Order delays mar shipbuilding revival

BY WILLIAM HALL, SHIPPING CORRESPONDENT

RECOVERY PLANS for British Shipbuilders are being jeopardised by the non-appearance of promised public sector orders for ships.

Orders for only four of some 25 ships promised by the Government before the end of 1980 as its contribution to British Shipbuilders' plan for restructuring the British shipbuilding industry, have materialised so far.

British Shipbuilders senior executives who are attending a major shipping exhibition in Greece, are concerned that if the promised orders for auxiliary tankers, hydrographic vessels and others do not appear soon, the nationalised shipbuilding industry will be blown seriously off course.

When it agreed its plans with the Government and trades unions for running down the capacity of the UK shipyards last year, British Shipbuilders set itself a target of winning 45 new orders (equivalent to an annual output of 400,000 grt) to maintain work at its "core" shipyards during the rundown of the labour force.

For its part, the Government agreed that the public sector would order a number of ships. British Shipbuilders has now won orders for 42 merchant ships and has very nearly met its target several months ahead of schedule.

In addition, the unions have agreed to only a modest increase in wages for the year, and British Shipbuilders executives are worried that the improved industrial relations climate may be undermined by the public sector's inability to meet its side of the bargain.

British Shipbuilders had framed its corporate plan in the light of anticipated orders for up to 30 ships from the public sector. The absence of these orders is now leading to shortages of work at a number of yards, of which Cammell Laird on Merseyside is the worst affected.

Scott Lithgow on Clydeside, Swan Hunter in the North East and a number of smaller yards are also starting to be hit. The yards are carrying surplus labour in anticipation of the promised orders.

If the workforce is dis-handed it will be difficult to undertake the orders when they finally arrive, and the public sector might be forced to look to overseas shipyards to meet its requirements.

The failure of the orders to materialise is a result of the cutback in public sector spending and a review of the country's defence needs.

British Shipbuilders' recovery plans have been hard hit by the long UK steel strike earlier this year. Now the missing orders are jeopardising efforts to meet its tight financial limits in the current financial year.

Many of British Shipbuilders' senior executives are taking part in the Posidonia International Shipping Exhibition in Greece. At the start of the week the corporation announced orders for 66 ships worth £55m and has high hopes for winning orders for the Austin and Pickersgill-designed B-35.

This ship is a 35,000 dwt handy-sized bulk carrier which British Shipbuilders hopes will become the "tramp" ship of the 1980s, paralleling the success of the SD-14 during the previous decade.

Doubling of mortgage tax relief called for

BY MICHAEL CASSELL

AN IMMEDIATE doubling of the mortgage tax relief limit, from £25,000 to £50,000, is being called for by the House-Builders Federation.

The Federation claims the present limit, which has not changed since 1974, is disrupting the "free flow" of the housing market and will become progressively more damaging.

Because of fears that an apparent lack of commitment by Treasury Ministers to continuing mortgage tax relief could jeopardise its future, the house builders are also seeking clarification of the Government's policy on the subject.

The Federation says Clause 26 of the Finance Bill, due to go before a Commons standing committee next week, provides an opportunity to lift the £25,000 limit. It says extending home ownership, one of the Government's principal social "constantly turning over," without blockages at any point.

Prime property yields 'stable'

PRIME PROPERTY YIELDS remain at their most stable level for 10 years, according to Healey and Baker, the London surveyors and estate agents, writes Michael Cassell.

It points out that in two years, during which minimum lending rate has swung between 6½ per cent and 17 per cent, prime yields have moved by only one-half per cent.

Healey and Baker says that predictions by some sectors of the property market nine months ago that yields would rise have proved wrong. It claims the stability results from increased demand for prime property stock when the industry was unable to produce sufficient investment opportunities.

According to the agents, the success of recent auction sales, notably for secondary investment properties in the south east, indicates healthy demand from the non-institutional sector. Prices have been "keen."

The company commented: "We believe that the underlying philosophy of investors in these times of economic uncertainty, with high levels of inflation, is that holdings provide an excellent hedge and that commercial property in particular can over time show growth beyond that seen in other sectors of the market.

"Nevertheless, in the last six months there has been a clear diminishing of rental growth, particularly in the shopping sector, and rates are now nearer to the average long-term figure of 12 per cent per annum compound than the unrepresentative levels achieved over the last two to three years."

BAe Baby Airbus in £37m order

By Michael Donne, Aerospace Correspondent

THE FIRST order for the new British Aerospace BAe 146 four-engined short-haul feeder-liner—the "Baby Airbus"—has come from an Argentine airline, LAPA, which has ordered three, with three on option, to a total value of $85m (about £37m).

The airline, Lineas Aereas Privadas Argentinas, is a privately-owned operator, flying internal routes in Argentina, based on Buenos Aires.

It has ordered two Series 100 aircraft, seating 88 passengers, and one of the larger 102-seater Series 200 aircraft, with options on another three Series 200s. The Series 100 jets are for delivery in September and October, 1982, and the Series 200 from March, 1983.

British Aerospace will have spent more than £100m in research, development and initial production of the BAe 146 "Baby Airbus" by the end of this year but foresees a market for several hundred through the 1980s, especially in under-developed countries.

Fewer jobs in textile industry

By Rhys David

EMPLOYMENT in textiles fell last year by 30,000 to just over 450,000 and has been declining at an even faster rate this year, according to the annual report of the British Textile Confederation published today.

The industry's exports at £1.8bn were a new record in value but were no higher in volume, while imports again rose, increasing 10 per cent by weight.

Mr. Leonard Regan, chairman of Carrington Viyella and president of the British Textile Confederation, blames the UK economy and weaknesses in the EEC's textile trade policies for many of the industry's problems.

The Confederation concedes that the bilateral agreements negotiated by the EEC with the main Far East suppliers have worked reasonably well. Much greater problems have been encountered with the EEC's associate countries in the Mediterranean and in the ACP (African, Caribbean and Pacific) groupings of countries.

Censored defence report raises 'vital issue'

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

DIFFERENCES OF view between a Commons committee and the Ministry of Defence have led to censorship of the committee's report on ammunition storage-sites for British Forces in West Germany. Although the report is published, the Ministry of Defence secured the deletion of substantial parts from the committee's draft.

Though ammunition sites may be of less public interest than other issues examined by the Defence Committee, the issue is regarded nevertheless by the committee as raising a vital question as to how much information ought to be revealed.

The committee's report expresses dissatisfaction with the present situation, and re-affirms the committee's intention to examine afresh in every one of its inquiries "the arguments for and against publication in the light of the circumstances of each case."

The committee says tha Ministry of Defence wanted parts of its report eliminated on security grounds, and says it did not find such a task easy to comply with. "Indeed, we challenged a number of proposals made, and were not entirely convinced by the explanations offered."

The committee adds that while it does not wish to present to potential enemies information prejudicial to national security, "it is the committee's main duty to inform the House of Commons on defence matters and report thereon, and to do so in as full a manner as is possible."

The latest report reveals the committee's deep concern about current levels of ammunition-storage in Western Europe. It says that from its inquiries it has discovered that different national forces in NATO "may not be provided with the ammunition supplies sufficient to fight a war of the same duration.

"That being so, the Commander-in-Chief, other things being equal, would have to plan for a period of conventional war no longer than that able to be sustained by the corps with the lowest level of supplies. He might therefore be forced to recommend the premature introduction of tactical nuclear weapons into the battle.

"It is of paramount importance that all allied forces plan for and stock up to the NATO minimum level of supplies."

The committee also recommends that steps should be taken to get NATO-wide agreement on the basis for the calculation of ammunition expenditure rates and consequent levels of stocks for both land and air forces.

First Report from the Defence Committee, 1979-80: Ammunition Storage Sites for British Forces Germany; HMSO, Command 556, £3.75.

Severnside airport supported

A MAJOR new airport may be developed on Severnside, on the Welsh side of the Severn Estuary, writes Michael Donne.

The possibility is being supported by Gwent county council and the Guild of Air Pilots and Air Navigators.

Mr. Graham Powell, Gwent County Council chairman, will today support the plant at the public inquiry at Crawley into the proposed second passenger terminal at Gatwick Airport.

Mr. Powell says the area involved, about 5,000 acres of shallow estuarine waters on the Welsh coast between Newport and Chepstow, would be readily reclaimable, and that communications to and from the area by road and rail are good.

He said there was a workforce of more than 600,000 within a 20-mile radius of the site, and the area needed new industry and other forms of employment urgently. He believes an airport on the river would create a minimum environmental disturbance.

Mr. Powell suggested that to create a major international airport on the site would not create a major new demand for additional facilities, such as homes, schools and shops. Most of these existed, so that in terms of public investment "this would seem an extremely cost-effective area in which to locate such a major employment-generator as an international airport."

Rolls-Royce bidding to equip U.S. jets

ROLLS-ROYCE is bidding to instal its engines in two new types of U.S. jet airliner being planned, writes Michael Donne.

One is the Boeing 737-300 airliner, a derivative of the highly successful short-range 737, which could use the new Rolls-Royce/Japanese RJ-500 engine. The other is the McDonnell Douglas Advanced Technology Medium Range (ATMR) transport, which could use the Dash 535 version of the RB-211 engine used on the Boeing 757 airliner.

Rolls-Royce teams recently visited Boeing in Seattle and McDonnell Douglas in Long Beach, California, making detailed presentations.

The campaign to win acceptance of the RJ-500, an engine of about 22,000 lbs thrust, for the Boeing 737-300 is believed to be more advanced.

This is a new model of the 737, of which more than 800 of earlier model were sold to 95 customers world-wide. It is intended primarily to offer up to 20 per cent improvement in fuel-consumption at a time of soaring fuel costs.

For this reason, Boeing is examining two types of engine, the Rolls-Royce RJ-500, and the CFM-56 Dash 3, built by the Franco-U.S. (Snecma-General Electric) consortium.

Provided Boeing can be satisfied about both engines' prices, delivery-dates and performances, it is likely the company will offer its airline customers a choice, so that Rolls-Royce could be competing with the CFM-56 for years.

The McDonnell Douglas ATMR is a design for a twin-engined, 178-seat airliner intended to compete with the Boeing 757 short-to-medium range jet already being developed. The ATMR is likely to be formally launched later this year.

Prepared

Although primarily designed around the new U.S. Pratt and Whitney JT-10D-232 engine of 32,000 lbs thrust, the McDonnell Douglas ATMR must offer a choice of engines if it is to win the maximum number of customers.

As a result, the company is prepared to consider also the Rolls-Royce RB-211 Dash 535C and the U.S. General Electric CF6-32C1, both of which are about 36,500 lbs thrust but could be "de-rated" to 32,000 lbs to meet the ATMR's needs.

Rolls-Royce has various versions of the RB-211 installed on the Boeing 747 Jumbo, the Boeing 757 and the Lockheed TriStar jets. It believes that, with so many new airliner designs emerging from the U.S., it must try to get aboard as many as possible, to remain in the front rank of international aero-engine manufacturers.

UK NEWS – LABOUR

Lisa Wood looks at the Government's road spending programme

A steady speed on highways to the future

SPENDING ON building and improving roads is to be maintained in real terms over the next four years but will not increase, according to the Government's White Paper on its road programme, published yesterday.

The White Paper, the first comprehensive statement of the Government's policies for the trunk road system in England, allocates about £300m a year for this, with £90m a year more to he spent on maintenance.

But this total yearly expenditure of £390m compares with £603m in 1974-75 at November, 1978, prices.

Mr. Norman Fowler, Minister of Transport, said: "The road programme strikes a halance between what we would like to do and what we can afford. Spending is heing stabilised at the level inherited from the last administration.

"As far as road construction is concerned our priorities are to meet the needs of industry and to keep heavy lorry traffic away from towns and villages."

He said most major industrial rontes should be completed by by the mid-1980s and thereafter the road programme would concentrate on by-passes, dealing with specific local problems, and maintenance.

The White Paper says: "While we are providing around £300m a year for new construction and improvements, only abont £200m will actually be available for major new road schemes.

"Of the remaining £100m a year, abont £15m is accounted for by small improvements, abont £30m by land acquisition, £15m by ancillary works such as noise insulation and motorway communications, and £40m by the cost of preparation and supervision.

"So on present plans about £800m will be available over the next four years for new construction work. Nearly half of this has already been committed and the bulk of the remaining funds will be taken up by a number of nationally important contracts."

Much of the balance will go to complete the top-priority M25 London orbital motorway, the orbital routes around Manchester and south of Birmingham, and other major schemes.

In examining the major routes to the ports, the White Paper says further improvements to the A13 to Tilbury, the A34 and M3 to Southampton, the A12 and A604/A25 routes to the Haven ports and the extension of the M180/A18 to Immingham are "particularly important." Bottlenecks on other major routes had to be removed, such as those on the M1 and A1 in Hertfordshire, the M27 route around Southampton and the approaches to Hull Docks. These should be finished by the mid-1980s.

Other slightly longer-term schemes, such as the M40 from Oxford to Birmingham and the extension of the North Circular Road to London's Dockland, "should not be held up for lack of resources," says the White Paper.

The Government also wants to fit into its programme as many by-passes as possible, for towns such as Wimhourne, Colchester, Lincoln, Berwick and Leominster. To do thia, some big projects have had to be abandoned, modified or postponed. Schemes to be deferred include the M20 between Maidstone and Ashford and the A6(M) Stockport North/South By-pass.

The Government's total programme consists of nearly 400 schemes, at a total estimated cost of nearly £3.5bn. The White Paper says: "The programme nutliden in the previous administration's Roads White Paper was based on an over-optimistic estimate of the earliest possible start date for each scheme. Nor did it allow for the likely constraints on the availability of funds."

It warns that unless more resources are available for road construction in the later 1980s, many schemes, not included in its immediate programme up to 1984, will not be started for 10 years or more.

A further warning is that expenditure in any year must be within the cash limit for that year.

There are inevitable difficulties in controlling a programme with long lead times within an annual cash limit. The White Paper says: "The planned pattern of expenditure can be adversely affected by factors beyond control, such as the weather, market conditions and the settlement of contractors' claims relating to work in previous years.

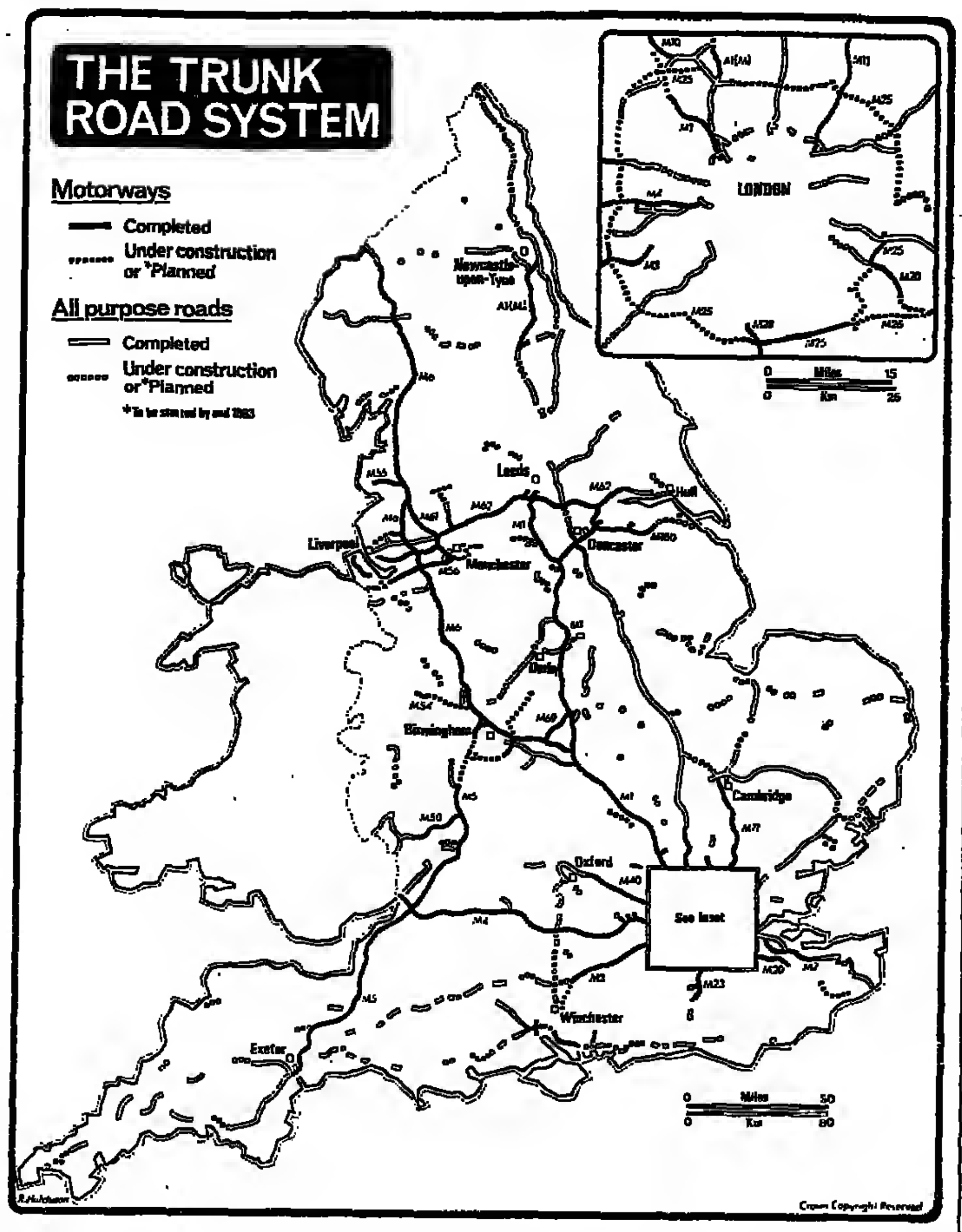
"If for these reasons, spending is higher than estimated or costs rise faster than expected we will not be ahle to carry out within the cash limit all the work originally planned — still less, the reserve schemes.

"While these factors can work in either direction, we must keep a margin in hand in order to hold the risk of breaching the cash limit to a minimum. This means that spending should normally he slightly below the cash limit, hut exceptionally that for 1979-81 is therefore being reduced by a comparable amount."

Since the beginning of the 1960s, 1,300 miles of motorway have been built at a cost of £4hn in current prices, along with 5,000 miles of trunk road, 1,400 of them dual carriageway. The White Paper says one of its key aims is to ensure the proper protection of this investment. This was urgent in such cases as older, heavily trafficked sections of the M1, M5 and M6. There will he about 40 major motorway contracts this year including a number of complete reconstruction jobs.

EXPENDITURE ON TRUNK ROADS 1974-75 TO 1983-84
(£m at Nov. 1978 prices)

	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
New construction and improvement	280	287	302	298	295	295
Maintenance	89	93	91	93	93	93
Total	369	380	393	391	388	388



Motorists' drink offence record

THE NUMBER of proceedings against motorists for drink and drug offences last year will probably reach a record of 73,000, according to a new report.

That will be an increase over the previous year of nearly 13 per cent while the number of drunkenness offences by pedestrians in the year rose by more than 7 per cent.

Road resurfacing costs sought

BY ELAINE WILLIAMS

A CALL to the Government to consider whether the Post Office and other organisations which dig up roads for repair work should meet resurfacing costs has been made hy the Association of County Councils.

"The highway authority is increasingly faced with the cost of resurfacing or reconstruction works which have nothing to do with normal wear and tear," the association said.

Organisations which needed to carry out repairs under the road must pay for infilling holes. But the association said this work, "as every road-user will recognise," rarely restored the highway to its original condition.

APPOINTMENTS

New director for BP Chemicals

Mr. Alan T. Gregory is to join the Board of BP CHEMICALS. Mr. Gregory is a director of BP Trading with special responsibilities for the UK, and for BP Group External Affairs. He is also a director of BP Oil and BP Petroleum Development.

★

Mr. C. J. P. Watney will become group managing director of HAWKER MARRIS on August 1 in place of Mr. M. E. Whitelock, who will be retiring but will continue as a non-executive director. Mr. Watney joins the company from H. P. Bulmer Holdings, where he has heen a director and managing director of the cider division.

★

STAUFFER CHEMICAL COMPANY has appointed Mr. Ernest Bachofner as director general of the Europe division. He replaces Mr. M. J. Turk, who will be returning to the company's headquarters at Westport, Connecticut next August.

★

Mr. Peter Cobb, export sales manager of HARVEYS OF BRISTOL, will be leaving the company in July to take up a new appointment as executive director of Harveys associate company COCKBURN, SMITHES AND CIA LTDA., of Oporto.

★

Mrs. Patricia Bisset, Mr. Gilbert Jarvis, Mr. David Smith and Mr. Gilbert Smith have joined the Board of KEITH PROWSE AND CO. Mr. John Tjaden has been appointed secretary.

★

Mr. R. B. Botcherby has resigned from the EUROPEAN ARAB BANK GROUP. For nearly two years he has held the dual positions of managing director of European Arab Bank, London, and managing director of European Arah Group. The company states that it has become increasingly apparent that these roles are incompatible and as Mr. Botcherby would not like to give up his London post he has decided to leave the group.

★

Mr. John Raisman, chairman and chief executive of Shell UK, has been appointed chairman of the CONFEDERATION OF BRITISH INDUSTRY'S Europe Committee. He succeeds Sir Derek Ezra, who retired from the post last month.

★

Mr. H. J. Bragg has been appointed managing director of CALOR GAS HOLDINGS. His appointment follows the decision of Mr. P. V. Colebrook, a managing director of IC Gas, the UK parent, and chairman of its executive committee, to hand over his direct responsibilities for Calor Gas following the increase in the spread of IC Gas's activities resulting from the recent ascquisition of CompAir. Mr. Bragg, who has been with Calor for ten years and is also a director of IC Gas, will continue as managing director of the Calor Group Limited. Mr. Colebrook remains on the Board of the holding company and as chairman of Calor Group Limited.

★

Mr. Terry Madden has joined the Board of VERO ADVANCED PRODUCTS.

★

Dr. Max Adler has resigned from the Board of BOWHURST but will continue as a consultant to the company. Mr. Desmond Ballard has been appointed director and secretary. He was formerly associate director, client liaison services.

★

Mr. R. T. MacPherson, chairman and chief executive officer of Allstate and Mr. Richard Haayen, senior executive vice president of that concern, have been appointed non-executive directors of FEDERATED INSURANCE COMPANY. Mr. MacPherson is also deputy chairman and managing director of Mallinson-Denny.

★

Mr. Douglas S. Timms has been appointed a director of STAVELEY INTERNATIONAL based in New York. He will be responsible for investment and disinvestment strategy in the U.S. and Canada. For the last 10 years Mr. Timms has been the president and chief executive officer of the Landis and Gyr Swiss multi-national interest in the U.S.

★

Mr. Charles J. A. Jamieson has been appointed chief financial officer of PREMIER CONSOLIDATED OILFIELDS. He was formerly with the financial department of Gulf Oil International.

★

Mr. Roger E. Anderson, chairman of Continental Illinois National Bank and Trust Company of Chicago, has been installed for a one-year term as the president of the INTERNATIONAL MONETARY CONFERENCE. The new vice president of IMC is Mr. Luc V. Wauters, chairman, Alamanij-Kredietbank Group, Brussels.

★

Mr. Anthony J. Carter has been appointed manager—banking of INTERNATIONAL MEXICAN BANK.

★

Mr. Geoffrey Harrison-Dees and Mr. Ronald L. Jones have been appointed directors of Simco and Mr. Harrison-Dees has also joined the Board of Saturn Fund Management Company. Both companies are part of the MERCANTILE HOUSE HOLDINGS GROUP, as is Saturn Management where Mr. Garry Johnson has joined the Board.

UK NEWS – LABOUR

BASE LENDING RATES

A.B.N. Bank	17 %	■ Hambros Bank	17 %
Allied Irish Bank	17 %	■ Hill Samuel	§17 %
American Express Bk.	17 %	C. Hoare & Co.	†17 %
Amro Bank	17 %	Hongkong & Shanghai	17 %
Henry Ansbacher	17 %	Industrial Bk. of Scot.	17½ %
A P Bank Ltd.	17 %	Keyser Ullmann	17 %
■ Arbuthnot Latham	17 %	Knowsley & Co. Ltd.	19 %
Associates Cap. Corp.	17 %	Langris Trust Ltd.	17 %
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	■ Samuel Montagu	17 %
Banque Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½ %	National Westminster	17 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremar Holdings Ltd.	18 %	P. S. Refson & Co.	17 %
Brit. Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Canada Perm't Trust	18 %	Schlesinger Limited	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
■ Charterhouse Japhet	17 %	Standard Chartered	17 %
Choulartons	17 %	Trade Dev. Bank	17 %
C. E. Coates	17 %	Trustee Savings Bank	17 %
Consolidated Credits	17 %	Twentieth Century Bk.	17 %
Co-operative Bank	*17 %	United Bank of Kuwait	17 %
Corinthian Secs.	17 %	Whiteaway Laidlaw	17½ %
The Cyprus Popular Bk.	17 %	Williams & Glyn's	17 %
Duncan Lawrie	17 %	Wintrust Secs. Ltd.	17 %
Eagil Trust	17 %	Yorkshire Bank	17 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	19½ %		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	17 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		
■ Guinness Mahon	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%. 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

TUC may organise workless

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE TUC is considering extending its representations on behalf of the unemployed and pensioners to a direct negotiating role with the Government.

Mr. Jenkins said yesterday that it was time that the TUC played a rôle in how the "social wages fund" was allocated. His concern was motivated by forecasts, many for long terms of more than 2m unemployed, and increased incidence of enforced "early retirement."

He said that recent research by ASTMS showed that many industrial workers were being laid off in their fifties, with low expectations of further employment.

ASTMS has made policies for a "social wage" a central part of its concern in the past year. It has publicised the concept of unions providing "whole-life security," rather than merely job security.

The proposal, already discussed by the TUC's powerful Finance and General Purposes Committee and approved by the General Council for further detailed consideration, is an important part of the general review of orgainsation and structure by the TUC in the next 12 months.

The most radical idea, from Mr. Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs, is for the TUC to issue "TUC cards" to the unemployed and pensioners, and to organise them in much the same way as trade unions organise their members.

Other unions have remained more sceptical of this initiative, as Mr. Jenkins admitted. It was likely to be discussed at a special meeting of the Finance and General Purposes Committee, possibly over an entire weekend.

The proposals will be discussed by the TUC Social Insurance and Industrial Welfare and Employment Policy Committees before coming back to the Finance Committee. Late in the year a consultative document for circulation to TUC-affiliated unions will be drafted.

The proposal as described by Mr. Jenkins would present formidable organisational problems, and would be likely to meet stiff resistance from the Government if adopted.

However, the TUC and a number of unions are concerned about future falls in membership, and would consider seriously ideas for substantial growth.

Mobil deal with drivers

BY NICK GARNETT, LABOUR STAFF

MOBIL has agreed a pay deal for its tanker drivers and ancillery staff, taking basic pay 14 per cent above that paid to drivers at most other major oil companies.

The settlement, which took effect from May and runs for 12 months, follows three interim payments made by the company to this group of workers since last summer.

Mobil agreed with the Transport and General Workers Union last year to change the settlement date to May from the traditional November, leaving the company out of phase with the rest of the oil industry.

Mobil agreed a basic rate of £78 to operate from November, 1978. Since it has made interim last year, a further 6 per cent payments of 6 per cent in July in November and a topping up increase at the beginning of this year to bring the rate to £92, in line with the £92 basic rate for drivers at the other major companies.

Mobil has now concluded a new 12 month agreement lifting the basic rate for its 525 drivers and depot workers to £105. Because of the change in Mobil's settlement date, the other oil companies did not appear yesetrday to be worried by the deal.

Union officials made clear however that the Mobil rate will be used as a base from which they will try to build a pay settlement in the other oil companies at the end of this year. There has been some suggestion of a target of at least £110 which would be a rise of about 20 per cent.

Five of the major oil companies—Shell, BP, Esso, Mobil and Texaco—are in various stages of negotiations, in some cases far advanced, on improving productivity within their distribution services.

Shell and BP are thought to have put forward a package of proposals which have been fairly well received by shop stewards although payments attached to the proposals have still to be agreed.

Nurses spurn appeal

BY PAULINE CLARK, LABOUR STAFF

A GOVERNMENT appeal to Britain's 490,000 nurses to accept that there could be no extra money to meet their pay demands was rebuffed yesterday by the Royal College of Nurses, traditionally the most moderate of the nurses' unions.

Miss Catherine Hall, general secretary of the RCN, which today draws up plans to ballot on industrial action, said use of nurses as "front-line troops" in the battle against inflation could not be tolerated. Nurses had always been used as the scapegoats of Government economic polices. That was demonstrated by their low pay.

Miss Hall was responding to a statement yesterday by Mr. Patrick Jenkin, Social Services Secretary. He said the Government would not allow the nurses' annual pay rise to exceed the 14 per cent cash limit for the Health Service.

He told West Midlands Area Women's Conference at Cheltenham that the need to counter inflation was at the heart of of Government strategy.

"If we can keep public spending under tight control, if we can progressively reduce the amount the Government has to borrow, if we can bring interest rates down, and if we can keep a firm hold on the money supply, then, provided people behave sensibly and rationally, inflation will come down," he said.

On nurses' pay he said he did not have unlimited money for the Health Service. If more was spent on pay, there would be less for services.

"It is not as if nurses have a particularly strong case, as has been the position in earlier years," he said. "What we are asking the nurses to do is to agree to a pay settlement which is already calculated to cost more than 20 per cent."

Whitehall censure by Evans

By Philip Bassett, Labour Staff

THE GOVERNMENT'S economic strategy will come under attack at the TUC Congress and the Labour Party conference in September in strongly-worded motions on unemployment being put forward at both by the Transport and General Workers' Union.

This week the Manpower Services Commission rubber-stamped a battery of economic forecasts predicting that unemployment will exceed 2m by the end of 1981.

Both motions will be particularly aimed at the Government's public expenditure cuts and high interest rates.

Mr. Moss Evans, TGWU general secretary, said yesterday that the spending cuts were one of the major factors forcing up the level of unemployment. He also criticised the Government's plan to set up business enterprise zones. He said few companies would be able to take up the opportunity which seemed to be offered by the zones because of prohibitive interest rates.

● The TGWU has suffered over the past three months what Mr. Evans described as a "fairly substantial" drop in membership. The fall is in line with many predictions for a likely decrease in overall trade union and TUC membership.

The union has lost about 23,000 members, falling from 2,083,000 at the time of its last executive meeting in March to the present figure of 2,060,315.

TGWU may end bar on BL plan

BY PHILIP BASSETT, LABOUR STAFF

BL's LARGEST UNION, the Transport and General Workers, is to consider at a special delegate conference of its members whether to continue its opposition to the recovery plan put forward for the company by Sir Michael Edwardes, its chairman.

The union has until now maintained its firm stand against the plan, despite the work-force ballot held by the company last year in which workers overwhelmingly endorsed the plan with an 87 per cent vote.

But Mr. Moss Evans, TGWU general secretary, announced yesterday that the union executive has decided this week to test the union's policy at a one-day conference in Coventry later this month, which would draw up a recommendation for the executive.

The executive considered this week a report on BL commissioned by the union from Eurofinance, a Paris-based consultants' group. The report advises the union to support the BL plan and to avoid exposing the company to "short-term shocks."

Mr. Evans said that the plan, which will itself be considered by the delegate conference, "support a great deal of what we said." It would be in the interests of both BL and the motor industry for the company to take a more expansionist role.

The TGWU is considering withdrawing from the Confederation of Shipbuilding and Engineering Unions, but the executive this week deferred taking a decision on the issue until after the CSEU's annual conference later this month.

Mr. Evans said that BL was pulling out of the Engineering Employers' Federation, probably next month, and as a result "no useful purpose will be served in the CSEU accepting the responsibility of overlooking the affairs of the unions in BL."

CEGB not to attend Isle of Grain talks

BY JOHN LLOYD

THE CENTRAL Electricity Generating Board will not attend talks at the TUC today aimed at settling the inter-union dispute at the £560m Isle of Grain power station construction site, the board's largest project.

However, all unions involved in the dispute are expected to attend, together with the Thermal Insulation Contractors' Association, which represents the companies who contract for insulation work.

They will meet members of the TUC's Finance and General Purposes Committee, including Mr. Ray Buckton of the train drivers' union, ASLEF, Mr. Lawrence Daly, general secretary of the National Union of Mineworkers, and Mr. Geoffrey Drain, general secretary of the National Association of Local Government Officers.

The dispute centres on the insistence of the General and Municipal Workers Union that insulation engineers, or laggers, receive a high open-ended bonus rather than work for a maximum of £4.60 an hour, which has been accepted by the other craft unions on the site.

The laggers organised by the GMWU have been replaced by trainee laggers, supplied by the Amalgamated Union of Engineering Workers' construction section, the Electrical and Plumbing Trades Union and others—a further cause of dispute between the two sides.

In a letter to Mr. Len Murray, the TUC general secretary, Mr. Ron Burbridge, the CEGB's director of projects, says the Board's position has not changed since a meeting on Grain at the TUC on March 25.

Mr. Burbidge said lagging conracts had been formally allocated to two of the major site contractors, Babcock Power and the General Electric Company. He thus did not consider it appropriate to enter the discussions

The hard line taken by the CEGB will strengthen the hand of the craft unions, led by Mr. John Baldwin, general secretary of the AUEW construction section. He argues that the craftsmen will not accept lower bonuses than the laggers, and that unless lagging work continues, the board will close down the site.

However, the GMWU is committed to calling out its laggers from other CEGB sites, and from operating stations from June 16 if the TUC fails to resolve the issue.

'Breadline' wages for part-timers

By Our Labour Staff

THREE QUARTERS of all women working part-time — more than 2.75m — earn breadline wages, according to a special report published yesterday on Britain's part-time workers.

Launching a campaign by the National Council for Civil Liberties and the Low Pay Unit to improve the lot of the country's 4.25m part timers, the report called for a change in Government attitudes towards the group.

Ms Jennifer Hurstfield, senior lecturer in sociology at the City of London Polytechnic and a research associate for the LPU, pointed out in her report, entitled Part-Time Pittance, that the group was an important section of the country's workforce, almost half the part-timers in the EEC.

She said that although one British worker in every five is in this group, they received "a bad deal" and were generally paid much lower hourly rates than full-timers.

Research showed that the 2.75m women earned less than £1.50 an hour last year, the equivalent of the supplementary benefit level for a typical family.

It was emphasized that the figures were an underestimate. A third of part-time workers were left out of Government figures because their weekly pay was too low.

Hattersley hint on repeal of rates plan

By Ribon Pauley in Brighton

THE STRONGEST hint so far that a future Labour Government would repeal the present Government's proposal to replace the rate support grant system with the controversial block grant plan, was given yesterday by Mr. Roy Hattersley, Opposition Environment spokesman.

"What is intolerable about the Government's proposals is that central resources should he divided and distributed in a wav which compels and coerces individual councils to take decisions which their elected representatives believe to be against the interests of their areas." Mr. Hattersley told local anthority chief executivea and treasurers at the Chartered Institute of Public Finance and Accountancy Conference in Brighton.

He was speaking at a time when prominent Tories were also reviving their attacks on the block grant olan.

Sir John Grueeon, chairman of the Association of County Councils policy committee, has criticised the plan sharply this week.

Mr. Peter Bowness, Tory chairman of the London Boroughs Association and leader of Croydon Council, told the conference that local government should not abandon the block grant hattle until the proposals were finally law.

Mr. Hattersley said: "The next Labour Government will restore financial autonomy to local governments."

"To distribute grant in a way that punishes and penalises conncil's that either raise higher ates than the Government thinks necessary or spend more on services than the Government thinks necessary, is a denial of local democracy," he said.

The block grant plan is contained in the Local Government Planning and Land Bill, which is expected to hegin its report stage in the Commons at the end of this month.

In a final bid to persuade Ministers to modify or abandon the proposal, local authority associations are to ask for the next meeting of the Joint Consultative Council on Local Government Finance to be held before the report stage. But all the main principles of block grant seem certain to survive intact.

Civil Servants are, at this late stage, still having great difficulty in putting the working detail nntn the theoretical principles of block grants. Mr. Hattersley said this "mess" was another example of the economic illiteracy of the Government's policies.

He also warned that if the Government penalised some Labour authorities for levying "excessive" rates in the pound this year, the Labour Party would take up the rights of the conncils in law.

Thatcher stands firm on monetarism

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PRIME MINISTER re-emphasised in the Commons yesterday the Government's determination to stick to firm monetary policies and criticised high wage increases that were not related to productivity.

In exchanges doring question time, she also indicated that she had not ruled out the possibility of making shares in all nationalised industries generally available to the public.

Mr. William Hamilton, (L. Fife Central), recalled that Sir Keith Joseph, the Industry Secretay, had been in California saying that Britain was making progress away from "stagflation."

"Can you give a single shred of evidence that this is happening?" asked Mr Hamilton.

He suggested that Sir Keith, who had visited America to ohtain investment for Britain's silicon chip industry, would have been better employed investing the second tranche of £25m of Goveroment funds in Inmos in the UK.

Mrs Thatcher said that Sir Keith was concerned to boost the micro-electronics industry in this country because it was expanding and taking on more lahour. Exports of micro-electronics so far this year were about 30 per cent up on last year.

On the question of Inmos, she said that the last Labour Government had given the company £25m through the National Enterprise Board to set up a factory in Colorado Springs, but this had only so far resulted in 37 jobs in Britain.

"We are considering very carefully what conditions we shauld attach to any more money that goes in that direction," she emphasised.

Mr James Callaghan, the Opposition leader, intervened to complain that she had not answered Mr Hamilton's question about stagflation. There was a year by year decline in industrial production and daily announcements of redundancies.

He wanted to know what the Government was going to do about unemployment which was going to get much worse over the coming months.

The Prime Minister agreed that there was a substantial number of redundancies, hut reminded Mr. Callaghan that he and other Labour leaders hsd said: "One man's wage increase can cost aother man his job."

That is what could happen as the result of hig hwage settlements. Some of these increases were now totally uorelated to productivity. They were pricing whol firms out of the market and people were choosing to huy more competitive products from overseas.

Returning to the attack, Mr. Callaghan said that it was the high level of interest rates on which the Prime Minister had made a false start last Tuesday—and the Governmeot'a monetary policy which was having a more direct effect on johs.

He told her that she had to take responsibility for uoemployment in addition to hlaming the trade nniona for it.

Mrs. Thatcher retorted: "No one can create genuine jobs hy printing more money. That only creates more inflation and that leads to more uoemployment."

She pointed out that the Manpower Services Commission had said that the generation of permanent new johs was outside its powers.

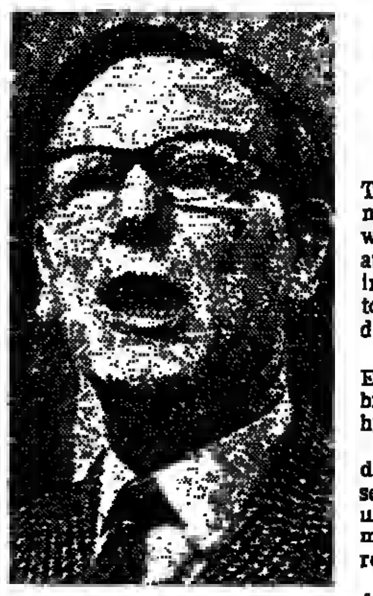
Mr. Tim Eggar, (C, Enfield North), asked her to confirm that it remained the Government's intention to return the ownership of nationalised industries directly to the people. He urged her to consider whether shares of public corporations, such as BNOC, should he given directly to all citizens, taxpayers aod pensioners.

"Such a proposal would encourage ownership, lead to the recognition of the need for profit and ensure that no further nationalisation could be takeo up by any future Labour Goveroment," he added.

The Prime Minister told him that, where nationalised indsutries were heing sold to the puhlic, the Government helieved that those who worked in them should have first preference on purchasing the shares.

A scheme for makiog such shares availahle to the public had heen partly carried out in Vancouver, hut this had Involved a smaller numher of people.

As far as Britain was concerned, she said, "we would not at any rate rule it out."



William Hamilton: no evidence on "stagflation"

Government to force sale of unused public sector land

BY GARETH GRIFFITHS

THE GOVERNMENT yesterday named the 21 areas in England where it intends to force local authorities and nationalised industries tn sell uoused land to the private sector for development.

Mr. Michael Heseltine, Eovironment Secretary, said be bnped the scheme would start hy the beginning of next year.

A series of registers will he drawn up, listing all public sector owned land which is unused or waste ground. The minimum size of land to be registered is one acre.

The areas listed are predominantly in the North and are generally suffering from inner city decay and high unemployment. They cover the conurbations of Merseyside, Manchester, Newcastle upon Tyne, Leeds, Bradford, Coventry and Birmingham.

Dudley and Stoke are also included. In the South, Bristol, Ealiog and Wandsworth are named.

The Government wants to see the waste land disposed of as quickly as possihle. Under the provisions of the Local Governmeot and Planning Bill, the Department of the Environment will he ahle to direct puhlic sector organisations to aell off their land on the open market. The project is currently running six months ahead of schedule.

Mr. Heseltine refused to specify how long he is prepared to allow local authorities and nationalised industries to estahlish beneficial planniog uses for their land.

However, he ruled out "protracted negotiations." He said local authorities had been presented with an opportunity to improve the environmeot and their financial position.

Mr. Heseltine said he regarded the amount of puhlic waste land as a major prohlem. The Department had no exact figures on the amount of laod involved, although in Liverpool ahout 1,000 acres were waste.

Local authorities, oationalised undertakinga, new town authorities and regional planning hoarda are covered hy the registers. Inspite of earlier auggestions that the nationalised industries were the major culprits in refusing to dispose of unused land, Mr. Heseltine said he was unable to opportion hlame.

TGWU backs Left on Labour reforms

BY PHILIP BASSETT, LABOUR STAFF

THE Transport and General Workers' Union, the higgest nnion affiliated to the Labour Party, has placed its weight hehind the movement fnr greater accountabllity jn the party, which has been spearheaded hy the party's Left wing.

The TGWU, which has 1.25m affiliated members, says in its evidence to the party's Commission of Inquiry, published yesterday, that the "principle of democratic accountability is essential to restore the dne authority of the leadership, whether at the level of Party Leader or the qnestion of MPs re-selection."

The nnion stresses the importance that hoth processes are established as rontine party operatinns so that democratic anthority and credibility will not be called into question at times of "inevitable stress and policy division."

While supporting the re-selection of MPs and the election nf the party leader hy an electoral college, the union is less clear-cut in its response to the question of how the election manifesto should be drawn up.

It rejects any "hasty alterations" to the present system, and says that any changes should be "very carefully considered." While the union voted at last year's party conference for constitutional changes which would give the party's NEC the final decision on the manifestn, in its evidence it goes no further than to offer to examine this "in the light nf other constitutional refnrms proposed."

The union admits that "some suspicinns still linger" over accusatinns that, because of the bont of strikes in the winter of last year, the unions damaged Labour's re-election prospects. Bnt it says that "in our opinion most of the wounds have been healed."

After contribnting a record £713,310 last year from its political fund to the party, the union is unwilling to accede to the large-scale increase in the nnions political levies being songht hy some sections of the party.

● John Lloyd writes: The TGWU's positinn was hroadly supported yesterday by the Union nf Cnnstruction, Allied Trades and Technicians, which has backed the mandatnry reselection of MPs, the electinn of party leader by an electoral college and the drafting of the manifestn by the NEC.

The resolution committing the union to support these reforms, which was debated at the union's hiennial delegate conference at Bournemouth, was opposed by the executive, which asked for it to beremitted. However, it received overwhelming support from the delegates.

The uninn would have to more than donhle its present levy of 32p per year to meet a 50p affiliation fee.

S. Africa wage code row

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A LABOUR demand for a mandatory code making British companies reveal their wages and conditions in South Africa was rejected last night hy Mr. Cecil Parkinson, Minister for Trade.

In a written Commons question, Mr. Michael Meacher, (Lab. Oldham West), said a large number of British companies operating in South Africa bad refused to provide information on African working conditions as recommended by the EEC Code of Conduct.

He called for legislation to make reporting under the code mandatory.

But Mr. Parkinson told him that of the 100 British companis liable to report, only 19 had failed to do so for the year ended Juoe, 1979, compared with 36 for the previous reporting period. The case for mandatory reporting was thus weaker than it was under the Labour Government.

In another written question, Mr. Dennis Skinner, (L., Bolsover) asked the Government to publish the names of 33 British companies who were paying African workers less than the poverty datum line.

But Mr. Parkinson said it was not right to publish a list of names based partly on suhjective judgmeot, which might be misleading.

Earlier, the subject had beeo raised in the Chamber when Mr. Phillip Whitehead (L., Derhy North) said the Prime Minister had a "double personal obligation" to publish the list in view of the involvemeot of a subsidiary of Burmah Oil.

He also said that reports suggested that Britain's Lahour attaché io Pretoria, who advised on employment practices, was to retire and his role would be phased out.

Mrs. Thatcher assured him, however, that the report was wrong and the attaché was to be replaced hy someone with the same functions. The facts under the voluntary code were availahle for inspection in the Commons library.

Next week in Parliament

COMMONS

Monday: Health Services Bill, remaining stages.

Tuesday: Tenants' Rights etc. (Scotland) Bill, remaining stages. Debate on the Report of the Committee of Three on Community Institutions.

Wednesday: Tenants' Rights etc. (Scotland) Bill, remaining stages.

Thursday: Debate on disablement, and afterwards on the construction industry. Motion on the Diocese in Europe Church Measure.

Friday: Debate on the Report of the Committee of Inquiry into the Engineering Profession under the chairmanship of Sir Montague Finniston.

LORDS

Monday: Housing Bill, second reading. Iran trading sanctions order. Export of Goods (Control) (Iran Sanctions) Order.

Tuesday: Employment Bill. Committee. Sea Fish Industry Bill, second reading.

Wednesday: Debate on the Government's monetary policies and their "damaging effects" on trade investment and employment. Licensing (Amendment) Bill, committee stage. Licensed Premises (Exclusion, etc.) Bill, third reading. Debate on the broadcasting licence fee and BBC expenditure.

Thursday: Employment Bill, committee stage. Pool Competitions Act 1971 (Continuance) Order.

Friday: Employment Bill, committee stage.

Foreign students 'still applying'

BY IVOR OWEN

Neil Kinnock: sharp attack.

APPLICATIONS FROM overseas students to enter nniversities in Britain in October are holding up well despite the substantial increase in fees imposed by the Government, Mr. Mark Carlisle, the Education Secretary, told the Commons last night.

He accused Opposition leaders of being as "shrill" as some leading academics in attacking the decision to save nearly £100m over the next three years by switching the fees paid hy overseas students to a full-cost basis.

Mr. Carlisle reported that by the end of March the number of applications from nverseas students was 12 per cent down on last year, when there were four applicants for every place availahle.

While admitting that the full picture would not hecome clear until Octoher, he added that applications for post graduate places were also "standing up ver well indeed."

An Opposition motion deploring the increase in overseas' students' fees and the damage likely to be caused to British institutions of further and higher education was defeated by 292 votes to 230, a Government majority of 62.

Mr. Neil Kinnock, Labour's Shadow ducation Minister, led a hard hitting attack on the increases hy accusing the Government of cynically hreaking faith with those throughout the world, especially in the Commonwealth, who looked to Britain for educational succour and opportunity.

Mr. Kinnock contended that, from September, overseas students in Britain would he faced with the highest education fees in the world.

To Labour cheers, he contrasted the effect this development would have in enahling universities behind the iron curtain to recruit overseas students with the sahre rattling by the Prime Minister againnst the "red menace."

Mr. Kinnock recalled that the committe of vice-chancellors and principals had protested that the financial effect of the Government's policy would he "devastating" for a number of institutions of higher education.

Mr. Paul Dean (C., Somerset North) made it clear that he was one of a number of Tory hackhenchers "not finding it easy to support the Government on this matter."

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN C	F.300	—	—	7	7.50	—	—	F.286
AKZ C	F.22.50	—	—	30	2.70	—	—	F.23.70
AKZ C	F.25	150	0.70	25	1.50	19	2.10	"
ARB C	F.60	5	4.80	—	—	—	—	F.63.40
HEI C	F.60	1	3.20	—	—	—	—	F.59.50
HEI C	F.66	—	—	7	2.30	—	—	"
HEI P	F.60	—	—	—	—	1	4	"
HEN C	F.52	2	9.10	—	—	—	—	"
HO C	F.15	4	2	—	—	—	—	F.16.80
HO C	F.17.50	—	—	—	—	4	1.70	"
IBM C	$55	—	—	—	—	2	7	$68⅝
IBM C	$60	—	—	30	3½	—	—	"
KLM C	F.60	21	9	—	—	—	—	F.67.80
KLM C	F.70	59	3	12	6.50	—	—	"
KLM C	F.80	25	0.70	7	1.60	—	—	"
KLM P	F.60	60	1.20	—	—	—	—	"
KLM P	F.70	15	4.80	—	—	—	—	—
NAT C	F.104.50	7	5.40	6	7.20	—	—	F.108.20
NAT C	F.109.10	7	1.70	1	4.60	—	—	"
NN C	F.110	—	—	10	4	15	6.50	"
NN C	F.120	—	—	12	1.10	42	2.80	"
NN P	F.110	—	—	—	—	5	5.40	"
PET C	Fr.6000	5	40	—	—	—	—	Fr.5280
PHI C	F.15	2	3.20	2	3.60	—	—	F.18.20
PHI C	F.17.50	100	1	215	1.50	100	2	"
PHI C	F.20	16	0.20	5	0.60	20	1	"
PHI P	F.17.50	—	—	5	0.70	—	—	"
RD C	F.145	—	—	7	20.50	—	—	F.165.30
RD C	F.150	78	16.70	98	17.50	—	—	"
RD C	F.160	511	7.20	220	9.30	136	11	"
RD C	F.170	777	2.20	264	4.40	—	—	"
RD P	F.140	1	0.20	42	0.70	—	—	"
RD P	F.145	—	—	28	1.60	—	—	"
RD P	F.150	82	0.80	31	2.90	21	3.90	"
RD P	F.160	384	2	25	7	—	—	"
RD P	F.170	54	6.80	—	—	—	—	"
UNI C	F.110	25	3.60	—	—	25	6.80	F.111.40
UNI C	F.115	—	—	5	3.80	—	—	"
UNI P	F.105	—	—	200	1.80	—	—	"
UNI P	F.110	115	2	—	—	—	—	"
		Aug.		Nov.		Feb.		
BA C	$30	5	5¾	—	—	20	7⅛	$35½
BA C	$40	3	1⅛	—	—	—	—	"
SLB C	$110	—	—	1	12¼	—	—	$114⅛
SLB C	$120	4	2⅝	2	6⅝	—	—	"
		June		Sept.		Dec.		
GM C	$50	—	—	10	1	—	—	$45¾

TOTAL VOLUME IN CONTRACTS 4276

C=Call P=Put

Lord Diplock to monitor use of phone taps

LORD DIPLOCK, chairman of the Security Cnmmission has been appointed by the Prime Minister to mnnitor the use of phone tapping by the pollce security services.

The appointment of a senior member of the judiciary to carry out a continuous independent check on the interceptinn of communicatinns was promised by Mr. William Whitelaw, Home Secretary, last April, following a Government review of phone tapping procedures.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● POWER

Motor consumption could be cut

MORE AND MORE technical attention is being paid to the fact that the widely used indnction motor is a somewhat serious offender in the matter of energy waste.

According to Simon Relays (ERI) of Sandhurst, which is about to introduce a significant energy saving unit into the UK, the problem centres around the intermittent use of such motors in many epplications (a power press is a good example) and the fact that the motor, particularly if it is a re-fit, may be running helow full load conditions hecause it has been overspecified for safety reasons.

A hasic fact of the induction motor is that althongh it is an efficient machine on rated full load, at anything less the efficiency drops off: this is hasically hecause the unit is still connected to the full mains voltage whereas a weaker magnetic field from the stator would do the job just as well and less current would be taken.

Probably a man called Frank Nola at NASA was the first not only to see this but to set about designing a cheap electronic device to overcome the problem. An era of declining relative electronic costs was also on his side.

The unrequired current through the motor is dissipated as beat and has to be paid for, the bill increasing the longer the unit runs on less than full load.

The device invented by Nola in effact examines the extent of the mechanical and adjusts the input voltage to suit; it performs the task moment by moment and the input adjustment is instantaneous. Interestingly, Nola was forced to think in these terms to cut down the power supplied to items such as pumps and fans in spacecraft and leter saw the prospects of applying the idea industrially.

Pay-hack time for the user could have been a prohlem for any designer who thonght along these lines in the past, but modern electronics costs indicate a period of three years in all but smaller machines.

Instantaneous detection of the load percentage is achieved hy a circuit which continuously looks at the phase angle hetween voltage and current, the angle increasing as the load decreases. This signal is then used to reduce the voltage applied to the motor. Although the pulse techniques used can distort the waveform of the line current taken, the effect seems unlikely to be any worse than that of a TV set and in any event the company could undertake barmonic filtering if necessary.

According to an article in the U.S. journal Electrical Energy Management, which uses A.D. Little figures, about two thirds of the electrical energy generated in the U.S. is consumed by motors (although they are not all induction motors), a staggering 1100 hn kilowatt hours per year. Some 90 per cent of this is industrial, the remainder driving home appliances.

The equivalent oil consumption is six million barrels daily, so that even one per cent saving amounts to 60,000 barrels daily. The figures for the U.K., although over one order less, nevertheless have the same implication.

But there are clearly prospects of savings well in excess of this and when motors are used for any length of time on no load (it often happens in machine tools for example) savings in the 40 to 60 per cent bracket applicable at those times would translate to perhaps the five to ten per cent region overall.

In this country Simon Relays, 2 St. Michaels Road, Sandhurst, Surrey, is distributing the device which physically is not much higger than a cigarette packet. It anticipates both directly supplying and negotieting manufacturing by other companies.

Production of single phase units started at the end of last year in the U.S. where some 100,000 devices have already heen sold. In the second half of this year a three phase unit now under development will be launched.

Already the unit is developing something of a pedigree in the UK where it has heen examined by Exeter University, who had no adverse comments that were serious, by BP, and by "a very large chemical company" that obtained better results than it expected.

As electricity prices continue to soar, there seems little doubt that the unit, protected by a NASA patent, will meet with success and one suspects, might well appear in due course in other designs that will produce the same results.

GEOFFREY CHARLISH

● INSTRUMENTS

Senses the flammable gases

GAS MONITORING equipments for sensing flammable gases in hazardous areas and also able to detect hydrogen sulphide and oxygen are available from Euro-Scientific of Parkstone, Poole, Dorset BH15 3PF (0202 735495).

These units, which are approved to BASEEFA SFA 3009 1972 and British Standard 4683 Part 2, for Group 2c hazardous conditions, can be mounted in various ways or supplied as battery powered portable instruments. In fixed systems, the remote sensor is cable-connected to the read-out/alarm/control electronics box which contains circuits to drive the sensor and provide a nominal 4 to 20 mA ontput.

The company has employed a constant temperature sensor drive for use with the electrocatalytic sensors; the method diverts part of the bead heating current so as to keep bead temperature constant, thereby generating e signal proportional to gas concentration. Zero stability is improved, the bead is protected from burn out at high gas concentrations and levels hetween zero and 100 per cent by volume can be measured in liquid petroleum gas stores and transportation containers.

Other sensors available are a diffusion cell for measuring oxygen above or below normal atmospheric and a semiconductor sensor which is specific to hydrogen sulphide.

Known as the 300 series, this equipment in rack-mounted form can provide up to 10 independent channels of measurement in a common test/readout module occupying only 89 mm of racking height in 19 in (483 mm) racking.

Each channel module can provide automatic alarm and control functions at two pre-set levels. This version is aimed at the petrochemical and offshore industries, but there are two other simpler fixed versions and a portable unit.

Clock is easy to see

READABLE AT distances in excess of 20 metres and suggested for use in offices, laboratories, control rooms or large public areas, is a timepiece with e two-inch-high six-digit display, availahle from Wharton Electronics, 42, High Street, Princes Risborough, Bucks (08444 3849).

It uses a high-stability quartz crystal time base to provide a typical in-service accuracy of hetter than two seconds a week independent of mains variation and incorporates rechargeable batteries which enable timekeeping to be maintained in the event of mains failure.

The two-inch-high LED display features an antomatic brightness control for various amhient light conditions. The clock is suitable for wall-desk or console mounting, and can be provided with a security lock to prevent unauthorised tampering.

● FINISHING

Priming and surfacing

FOLLOWING ITS introduction at Bodyshop 80 (July 10-11, Wemhley) a new two-pack wet-on-wet priming and surfacing prodnct, Autocryl Filler, is to be test-marketed in the London area, says Sikkens UK, Didcot Industrial Estate, Station Roed, Didcot, Oxon (0235 814281).

This uses equal volume of hardener and a filler, thinned with one of the thinners from the Autocryl range, does not require immediate drying and sanding, and can be applied direct to bare metal.

In the car manufacturing and repair industries it has already proved in practice a paint finish et least as good as sanded surfaces, says the maker, while saving up to 20 per cent overall working time. Its use enables a car to be placed in the spray booth where the vehicle can be primed, surfaced and finished in one place and at less cost.

Application must be in a properly ventilated spray booth, not only for safety, but also to avoid the ingress of dust.

● COMPONENTS

Works like a shuttle

A VALVE intended for systems where two inlet flows are to be directed alternately through a common outlet port has hean put on the market by Hydraulic System Products, Queensgate House, 23 North Park Road, Harrogate HG1 5PF (0423 509661).

The flow of oil through either inlet port moves e piston to the opposite end of the valve hlock, automatically isolating the alternate inlet and directing flow to the outlet.

Four sizes are available with ¼", ⅜" and ½", ports suitable for flows of 23-113 litres per minute. Maximum working pressure of all models is 350 har.

Small parts at low cost

SPECIALISING IN small and medium runs of polyurethane mouldings including makers' products to customers' specifications, is a new company, Sands Trade Moulders, Crispin Palace, Kettering, Northants.

Company says it can produce, quickly and inexpensively, instrument housing, machine sub-assemblies, industrial components and other mouldings.

In many instances, total production cost of the moulded part will work out to be much less expensive than an equivalent part made by metal casting or fabrication, and the rapid turnronnd offered says the company could save a number of problems for a wide range of manufacturers.

● COMPUTERS

Lessens the risk of error

COMPUTER PROGRAMMING language Pascal, subject of a good deal of comment in recent times, is making an appearance at Computerline, the Weybridge multi-access bureau, which claims it will be the first professional bureau to provide facilities for developing and running programs in the language.

Plessey, with which Computerline is associated, has acquired the Mark 2 system of Pascal from Queen's University, Belfast, and to make the programming task especially easy Compnterline has produced a new interface for both interactive and batch use.

A number of simplifications and clarifications result from the use of Pascal, says the company. The language contains 35 words which have specific unchangeahle meanings but there are another 70 that can be initially pre-declared to provide common types of operations.

The total of 105 should be compared, says Computerline, with the lists of over 250 key-words with which users of other languages have to become familiar.

The language's structure, including sub-ranges and symbolic values, not only enhance documentation, speed and space, but also provide in-built safeguards.

For example, if the word "hour" is one of the declared words, Pascal will define the appropriate range of sub-numbers zero to 23 so that any attempt to assign a number outside this range will be signalled as an error.

More from the company at Station Road, Addlestone, Weyhridge, Surrey KT15 2PW (0923 49298).

Speaks the answers

A COMPUTER service is now being offered in the Milton Keynes and Northampton area which is aimed at streamlining the day-to-day running of wholesaling husinesses by making available a voice response facility.

Blakelands Computer Services, Yeomans Drive, Blakelands, Milton Keynes (0908 607671) is making use of a Racal audio response unit and a service is already provided for the 380 dealers of a leading European car maker.

The resulting experience has prompted the company to offer the service to wbolesalers whose salesmen need only a telephone and portable terminal to communicate.

By simply dialling the computer's number the salesman has instant access to files, records, costings, delivery times and much other information. Data can be sent to the computer from the small terminal which is similar to a pocket calculator and clips on to the telephone. Replies come hack in the form either of spoken words or tones.

It is expected that smaller companies will use the service while larger ones might evaluete the idea before direct purchase from Racal.

Powerful supercomputer

AN ANNOUNCEMENT has been made by Control Data Corporation of "the world's most powerful supercomputer system, the Cyher 205."

This machine is claimed to be more than three times faster than any compnter currently available and is able to perform up to 800m operetions per second.

Cyber 205 is aimed et large-scale scientific and engineering applications of the kind needed by the oil industry, nuclear power designers, weather and environmental organisations for real time forecasting, and for ecological studies.

The machine can have a central memory capacity of up to 4m words, a virtual memory capacity ranging to 2.2 trillion (million million) words, combined vector/scaler processing, both 64 and 32 bit arithmetic operations and up to 16 input/output ports each able to handle 200 megabits per second, giving a total input/output bandwidth of 3.2bn bits/sec, the highest in the indnstry.

Control Data is at 179 Shaftesbury Avenue, London WC2 (01 240 3400).

● TRANSPORT

Reduces brake testing time

PROMISING TO keep up with the speed of assembly work on the modern production lines of the motor car industry is a range of vacuum testing and pressure filling plants for car and transport brake systems introduced by Leybold-Heraeus, 16 Endeavour Way, Burnsford Road, London SW19 (01-947 9744).

Common feature of the plants is that the circulating brake fluid is regenerated during each cycle. Degassed and demoisturised, the brake fluid is pressed into the brake system and then sucked off by vacuum. A two-stage rotary vane pump evacuates the hrake system via the hrake fluid tank, and a check for major leaks is carried ont during the evacuation process.

When the system has been evacnated, there is a further check for minor leaks, says the company, and if the results are satisfactory, the degassed and demoisturised brake fluid is forced in to the evacuated brake system via a special adapter wbile all the drain nipples on the brake cylinders of the wbeels remain closed throughout the entire process.

Main benefits of the system are the elmination of certain operations (such as connecting and disconnecting vacuum lines), simultaneous testing of all brake systems for major and minor leaks, quicker assemhly and satisfactory filling of brake systems, and cleanliness at the assembly lines.

This new range of plants is also adaptable t radiator filling.

● HAND TOOLS

Heavy-duty grinders

ABLE TO be controlled lightly and speedily—even with gloved hands—is a range of heavy-duty angle grinders just lannched by Black and Decker, Bath Road, Harmondsworth, Middx. (01-759 2411).

Primarily for indnstrial use, with respective speeds of 8,000 and 6,000 rpm, one of these angle grinders has been used by West German sculptor, Paul Schneider, for cutting grooves in a 12-ton natural sandstone block for e work exhibited in the grounds of the Punjabi University.

More usually operated in a working environment for industrial applications, the models weigh only 6.2 kg and 6.4 kg respectively, are double-insulated, and minimise operator fatigue by emhodying a quiet gearbox and patented shock-absorber system, and a forward airflow, away from the user's face.

Available in either 240V AC or 115V AC form, the SMEA 822 is listed at £129 and the SMEA 622 at £132 (both excl. VAT).

FINANCIAL TIMES SURVEY

Friday June 6 1980

International Property

The uncertain economic situation inevitably ranks high in any appraisal of the international property scene, but perhaps the single most important trend which characterises the change in the market is the accelerating rate at which the ownership of property is being transferred to pension funds, insurance companies and other institutions which appreciate the potential of property as a long-term investment

CONTENTS

INTERNATIONAL PROPERTY II

An air of caution in world's major markets

INTRODUCTION

MICHAEL CASSELL

AN understandable air of caution surrounds many of the world's major property markets as the Western economies confront a recession which seems *bound to put the virtues and* advantages of property development and investment through another testing time.

There remains an underlying confidence about prospects for property, which bas recently enjoyed a bnoyancy not generally experienced since the early part of the past decade, but there is at the same time a realistic acceptance that no one sector of any economy can completely escape the impact of an international scene beset by high interest rates, inflation, rising and longer-term unemployment, fluctuating output and uncertain demand.

Inflation, as the Americans are quickly learning, can do more to highlight the benefits of property as an investment than perhaps anything else, though excessive and prolonged inflation can as dramatically undermine the economic base on which demand for property of all types is founded.

The uncertain economic backdrop inevitably ranks high in any appraisal of the current international property scene, but perhaps the single most important trend which characterises the market's changing shape is the accelerating rate at which the ownership of real estate is being transferred to the pension funds, insurance companies and other investing institutions who appreciate the potential in property as a long-term investment.

In the UK, there has heen an active property investment market for 15 years, with demand from a wide range of institutions—some formed specifically with real estate in mind—growing to account for total annual investment in excess of £1bn.

It is a concept which the British—with some very mixed results—were also largely responsible for introducing more widely in Europe and which is now spreading further afield as investors seek an option likely to perform at least as well as more traditional alternatives. In a totally logical step, though one which the entrepreneurial developer will resist, the institutions are moving on to become big developers in their own right.

The United States bas in the past few years seen a rising volume of domestic, institutional investment in the property sector, with pension funds and life insurance companies becoming progessively more committed in the shape of of standing properties and new development schemes.

Their involvement remains relatively small in terms of the huge investment resources at their disposal but it is one which now seems guaranteed to grow fairly spectacularly.

With its good performance record and with general rental levels which look remarkahly cheap when set against those in other parts of the world, particularly bearing in mind their exclusive rather than non-inclusive nature, it is not surprising that the U.S. real estate market is also fast becoming a centre of major interest on the part overseas institutions. Faced with the wish to commit substantial proportions of their investment funds (boosted daily by inflationary growth) into property they confront the prohlem of actually doing so.

Reluctance

The institutions' continuing reluctance to adjust standards even marginally downwards in the face of a fairly common shortage of prime opportunities bas meant that they have been faced with a choice of holding property investment at current levels or looking wider afield.

It is a regular criticism of the big institutions that they adopt a sheep-like response when it comes to investment trends, hut although there has undoubtedly heen a re-emergence of enthusiasm for overseas ventures the concept has been taken up with widely varying degrees of enthusiasm.

Bnt in the major property markets around the world the pressure from local and overseas funds, all vying for a limited supply of prime investment opportunities, has hrought yields down to what are often historically low levels.

As for the property developer, the level of international activity has remained comparatively modest—exceptions like Singapore prove the role—with recollections of days gone by still conditioning the response of many companies.

Much more important than unhappy memories, bowever, is the *impact of high, international* interest rates on current projects, now invariably exposed to minimal profit margins and questionably unviable on a short-term basis.

With the long-standing surplus of space in many international centres—a legacy from the last world-wide round of construction activity — now almost totally absorbed, there will be a need for a fresh round of development. Bnt for the developer, interest charges are high and building costs are often pushing up at a rate significantly ahead of inflation. There has also been substantial pressure on land prices in some locations, as planning and building controls squeeze the pool of available *development* sites (though, in the longer-term, they help sustain an upward pressure on capital values).

The uncertainties have not, however, universally proved too much of a deterrent for developers *eyeing a good opportunity* away from home and some even find themselves with more projects in hand overseas than *they do in their own* markets.

It seems clear that any significant fall in building costs and in interest rates will stimulate a fresh wave of development in many major locations and what has inevitably become a cyclical market will enter a new phase.

But it seem equally apparent that the boundaries of what *have until now constituted* the international property development and investment markets are expanding. More funds certainly are now beginning to assess the risk and returns from investing in property in *developing countries,* whether via acquisition of standing schemes in the guise of direct developer.

Developments in the international office market *illustrate* the potential. While the main markets continue to be the advanced industrialised countries it *is evident that* those with the fastest growth rate are in the rapidly developing countries of the world, such as Brazil, Argentina, Indonesia, Singapore and Hong Kong.

In countries like these, the demand for space is rising as financial, professional and business services expand and only the most modern facilities capable of accommodating the *latest in office technology* are generally considered to be acceptable.

Multi-national companies also see the *developing* nations as having an important role in their strategic plans and, together with the financial institutions, are moving in and swelling the market for rented space.

In the same way, demand for modern industrial space, from *which the multinationals can operate* high technology businesses, is rising in the developing countries as well as in the *industrialised economies. The* increasing flow of manufactured and part-manufactured goods between countries has also resulted in the need for improved and larger warehousing facilities close to international transport links. Flexibility of use has become an essential pre-requiste of most modern industrial space, a trend which has enhanced its appeal in the eyes of investors seeking *uninterrupted* and growing rental income.

The retail property sector in many international locations is *also* undergoing what promises to be a major transition. Energy costs threaten to have a significant impact on the pattern of shopping development, not least in the United States where the out-of-town retail complex has flourished on the back of plentiful and cheap supplies of fuel and the Americans' traditional readiness to travel substantial distances.

City areas

In the U.S., in particular, *there* is almost bound to be a switch back into central city areas as shoppers become less prepared to make long and regular journeys. The result conld be the growth of very large "one-stop" shopping centres and the spread of localised retail outlets with limited stocks.

It is this type of detailed consideration which the institution and developer has, in a market *place subject* to instant change, to consider far more closely than would *have* in the past been acceptable.

The move towards internationalism in property has been firmly established, despite the fluctuations in *the* rate at which it progresses. The growing ability *of* the foreign-based investor or multi-national company to move finance freely and to remit profits and revenue can *only help* ensure that the trend continues.

West Germany enjoys a relatively enviable position in the international property market. Above: the substantially refurbished Kaufmannshaus shops and office complex in central Hamburg

Outlook for investment remains uncertain

HOLLAND

MICHAEL CASSELL

THE PROPERTY MARKET in Holland has for six months shown few signs of significant change and it seems likely that present trends will continue until the country's economic situation improves.

The Dutch economy failed to grow between 1978 and 1979 and *while policies* now in hand are intended to stimulate some growth in 1980 the hackdrop is rising inflation (thongh still *modest* by some standards) and high unemployment, now common in most western nations.

There are some encouraging pointers, however, not least the fact that wage claims are moderating in the wake of measures designed to keep pay rises under control. There is also a prospect of rising industrial output during the present 12-month period. The outlook for new investment nevertheless remains uncertain in view of the historically high level of interest rates.

But beneath all the problems, Holland can boast a reasonably sound economy and a political stability which is likely to keep *it a useful business* base for foreign investors.

One of the country's advantages is its geographical location—well placed to serve the low countries, West Germany, France and Scandinavia, and linked to a motorway network which permits easy movement of goods to most parts of continental Europe.

New industries

The Dutch Government is anxious to attract foreign investment and has recently beeo emphasising the need to establish a new generation of high technology industries. From the point of view of overseas investment in property itself, the market clearly no longer supports the type of foreign interest and purchasing which characterised the early years of the last decade, although some fresh buying activity combined with a legacy of old acquisitions ensures a continuing overseas *presence in the property world.*

The difficulty now confronting any potential investor in Holland is the severe shortage of *prime properties.* As in some other countries, the scarcity of good investment opportunities has driven the domestic investing institutions overseas, although some observers now believe the early enthusiasm for foreign ventures has begun to die down. Others feel, however, that Dutch fund managers will continue to diversify their portfolio into selected overseas markets, for example in the U.S. and West Germany.

The domestic investment market is strong in terms of pension fund interest and some overseas investors are finding opportunities in reversionary shop deals which tend to be undervalued by the local funds.

But while the local picture for institutional investors is buoyant, corporate and private investors have to contend with a less favourable tax position, and as a result demand from these sources tends to be weak. Some localised and special situations can, however, be profitably indentified for individual investors.

Despite the rise in *interest* rates, the investment market has remained fairly health and there are few indications that any of the *major* Dutch funds or other local investors are deciding to withdraw, even *temporarily*, from the market.

According to Savills, the UK agent with an operation in Holland, the domestic market has seen a slight falling off in demand for industrial investments (though significant letting activity is still reported in some major industrial centres) but offices and shops continue to find ready buyers.

Portfolios

Savills says: "We believe that some of the funds will over the next year be reassessing their portfolios and we think it is likely that a steady flow of propositions will come forward on to the market, albeit that very few of them will be prime.

"If bank borrowing rates remain high, obviously the attractions of sale and leaseback may make themselves felt, and indeed there are signs of this today."

With the supply of first class commercial investments extremely limited, yields are low, *although* the situation has eased somewhat over the last six months in the wake of higher borrowing rates.

For prime shops, yields now stand at around 5¼-6¼ per cent (up to 8 per cent for secondaries), while for offices the figure is around 5¼-6¼ per cent (up to 8 per cent for secondaries). Industrial property yields range from about 7 to 8 per cent (8¾ for secondaries).

In a review of the Dutch market, agent Richard Ellis says it currently provides "something of a mixed bag." In centres such as Amsterdam, for example, there is a severe shortage of good quality office space whereas Rotterdam has a *surplus.* Some localities within the most prosperous Randstad region need new development, but deterrents and controls make it more difficult to develop commercial property for the letting market which has emerged in the past two decades.

In addition, traffic problems in the older towns make some central areas less attractive to both office employees and shoppers, which in turn sends occupiers elsewhere for commercial premises.

Of the three principal property sectors, the industrial and warehousing market (largely concentrated in the Randstad, where prime rents are now between Fl 80-90 a sq *m) has been the first to reflect* the lack of recent growth in the Dutch economy, though demand for smaller units of space (500 *sq m or less) has been buoyant.*

The Dutch Government provides a wide range of incentives to encourage industrialists to move beyond the traditional areas, notably in the north and Groningen, where investment premiums are available. The longest established incentive is the regional investment premium, available to the industrial or service sectors if they invest in economically weak areas. Aid is available for companies which move outside the Randstad, while the selective investment regulations introduced in 1975 impose a levy on investments in the western and central parts of the Netherlands.

In the shops sector, retailers are feeling the impact of rising unemployment and wage controls, while competition between major outlets is becoming intense as they seek to spread their overheads by raising turnover, even at the cost of reduced margins.

The large cities continue to attract retailers with first class covenants, and competition has ensured that rentals have continued to rise, although interest has grown in large, new shopping centres on the edge of towns or out-of-town sites.

Prime rents for retail space in Amsterdam now stand at around Fl 1,500-1,600 per sq m (Kalverstraat), though some units are attracting rentals of up to Fl 2,000. Average rents in The Hague and Rotterdam are about Fl 1,200.

In the office sector, demand for space over the last year has been strong and rental growth has grown significantly, a trend which seems likely to moderate. In Amsterdam, vacant offices have been hard to find and occupiers have to some extent been deterred by additional controls on vehicular access to the central area.

Restraints on new huilding and renovation continue to prevent *any significant* new *supply* of space in the city centre. Accommodation is being left vacant, however, by occupiers moving to suburbs such as Dieman and *Bijlmermeer, where* substantial development continues, and this trend conld lead to some weakening of central rents which currently range downwards from Fl 350 a sq m for prime space.

Over-supply

The Hague area displays signs of an over-supply of office space, even if only in the short-term. *The market is being affected by* reduced demand from Government Ministries, but continuing interest in central area offices from international companies is belping to offset lower take-up by the public sector. Rents per sq m now stand at around Fl 250-275.

In Rotterdam, the developments which in recent years have created a surplus of space are steadily being taken up but the considerable over-supply of modern office accommodation is unlikely to be greatly reduced in the short term, althongh rental levels are being maintained in an active market. Rents are around Fl 225-250 on average.

As for development prospects, activity is dictated by the high level of interest rates and construction costs. In addition, the developer has to contend with additional charges if he intends to build in the most favoured locations. A shortage of central *area prime sites* where development will he permitted is also forcing up the price of land.

INTERNATIONAL PROPERTY III

Prosperity being maintained

WEST GERMANY

CHRISTINE MOIR

ESTATE AGENTS' reports on the West German property market over the past six months are more bullish than they have been since the halcyon days of the early 1970s. The first to proclaim the new decade was Weatherall Green and Smith, which, late last autumn, declared: "Scars from the economic down-turn of the mid-1970s are fully healed."

More recently, Richard Ellis said that "1979 proved to be the best year for the German property market since the boom days of the early 1970s." Jones Lang Wootton's latest detailed study of Frankfurt also declared "a remarkable turn-round" and anticipates "that rents could rise dramatically in the next few years."

The economic background to this confidence, however, is not unalleviated prosperity. Since last year, when we noted that inflation through 1978 had been running at 2½ per cent, that level rose to 4 per cent last year and is forecast to reach 5 per cent this year.

For the first time in 15 years, there was a balanc eof payments deficit which could double this year to DM 18m, as oil prices continue their inexorable climb and imports consolidate their position as the result of the high international value of the Deutsch Mark during the latter half of the last decade.

Interest rates, too, have been raised significantly in the past 12 months as the West German authorities have followed the new internationally popular route of monetary control of inflation.

Long-term mortgage finance, available as low as 6½ per cent at one period last year, now costs about 9 per cent—high by German standards. It is also less than easy to obtain as a result of some tightening by the authorities on the banks' access to certain avenues of credit.

But these factors are relative and the West German economy still remains the envy of the industrialised world with a real rate of growth forecast for the Gross National Product as it has been for the past five years.

Genuine prosperity, in short, is being maintained—although the underlying indicators suggest that optimism needs to be salted with caution, at least short-term, until the ani-inflationary programmes can be fully evaluated.

The picture is certainly very different from the early years of the last decade when foreign (particularly British) developers and investors flooded the market with schemes based on euphoric extrapolations of historic growth patterns with scant regard for potential down-turn.

The lessons have been learned; the penalties paid; caution underlines current forecasts.

The over-supply of the mid-seventies, which followed the development hysteria of 1970-73, has now generally been absorbed although there are still marked variations between different cities, Frankfurt, Dusseldorf, Hamburg and Munich making the running. In these towns, development is now lagging demand.

JLW's assessment of the Frankfurt office market forecasts a take-up rate of about 150,000 sq metres this year (slightly higher than for 1977, the peak of the last five-year period). On this basis, with about 200,000 sq metres on the market, JLW believes there is about 1½ years' supply of space in the banking sector, less than a year's worth in the "west end" and not more than 1½ years' worth in the rest of the central area.

This imminent shortage underlines the progress made in office rents during last year which is certain to be consolidated in the current year. Prime rents reached their peak—DM30 per square metre per month—in 1973: until early last year, the trend from there was nothing but downwards. Now, agents are talking of "well over DM 25" for space in the banking sector, with some prime general commercial locations able to claim the occasional DM 30. Hamburg has also had an occasional letting at this level, while in Dusseldorf prime property has recently been let at around DM 25.

Warning

Richard Ellis does warn, however, that the short-term *shortages currently a feature of* the forecasts, could turn round into over-supply within a couple of years, in certain regions.

In Munich, for example, the agents point out that supply is expected to rise tenfold in the next two years to reach 79,000 sq. metres. Though about half of this could be taken up by the Bavarian authorities the remainder may be enough to subdue the market. In Frankfurt, by contrast central area sites are difficult to find and tight planning control on redevelopment intensifies the problem.

If the office sector, then, is looking healthy, the shops sector is even more buoyant. Although some British developers did undertake shopping schemes in Germany in the early 'seventies, the overall new space created was negligible. Since then, the pattern of shopping has been changing steadily and within the past two years a new trend has become clear.

The first and still primary impact was the authorities' conversion to the attractions of pedestrianisation. At first, the improvement in turnover in such areas was slow but in recent years retailers have been paying substantial premiums to get into pedestrian areas where turnover can rise by as much as 40 per cent within a couple of years. Not even the likelihood of significantly higher rents and service costs expected in the near future, is a deterrent.

Secondly, as JLW indicates, "from a position where most shops were in family hands, there are now an increasing number of multiple chains which are expanding on a *national basis, while many local* retailers wish to expand regionally."

Richard Ellis puts some of this change down to the success of the pedestrianised central areas which have helped "promote comparison shopping in the main city centres often at the expense of smaller retailers serving local communities. Evidence suggests that this. . . has encouraged the spread of chain store outlets in most of the principle towns."

Agents are united in believing that the retail sector offers excellent prospects for both investors and developers. For the *former, the attractions must* lie in the outlook for rental growth as initial yields are already as low as 5 per cent.

For the developer, the attraction is that 10-year money at 9 per cent appears to provide a comfortable margin despite extremely high construction costs of perhaps DM 350 per cubic metre, on Richard Ellis's estimates.

Changing patterns are also a feature of the industrial market where the traditions of owner-occupation are giving way to the concept of rented premises, the accepted system in Britain. This is one area where UK developers did show some caution in the boom years, so the supply of speculative space has been limited.

Rents are of the order of DM 6-7 per sq. metre per month in the best areas near the main autobahns, railways and ports and demand, especially for warehouses, was particularly marked, last year. The prospects for well-located estates are now beginning to impress even local German investors who have traditionally resisted them on the grounds that industrial property suffers first in a recession (a theory, by the way, disproved in Britain during the 1974-76 recession where industrial rents showed strong defensive qualities).

Potential

However, there is a snag for developers noted by all the leading agents. Well-located sites exist "in abundance," which, if not "prime, prime"—as one agent described them—are good enough, if developed in any number to have a sub*stantial* impact on prime demand and therefore on future rental growth.

This conundrum—that new development is needed, but that the delicate balance of demand-and-supply could be upset remarkably quickly by over-development—is providing a considerable amount of work for some British agents. Their strength in demographic and geographic studies, in terms of site locations, is being tested by the new breed of professional German agent, but still gives them a competitive edge.

This edge is of particular note where foreign investors are concerned and it is they who are expected to make the running in the investment sector this year. Competition from German investors will remain keen—they have both the real prosperity and the tradition of investment—but the locals are somewhat deterred, at present, by what they regard as high interest rates, growing inflation and tight yields. Foreigners, on the other hand—and this includes UK funds, now that Exchange Controls have gone—see the international market in relative terms; and Germany is enviably attractive, on that basis.

Increase in confidence

FRANCE

CHRISTINE MOIR

IN THE PAST 12 months, the French commercial property market has displayed a quiet strength. Overall, it has not quite fulfilled the promise of the early part of 1979 when the indicators were signalling a possible mini-boom. However, it has shown considerable resilience in the face of worsening economic conditions.

France is suffering from the international recession which is producing a marked deterioration in the balance of payments position, a high level of unemployment (10.6 per cent at the year end) and interest rate levels kept high as part of Government policy to combat inflation.

The economic background for property, therefore, does not augur well and the political arena, too, is providing less stability in the short-term. As Richard Ellis succinctly notes in a recent review: "The political temperature is tendiog to rise as the 1981 presidential elections approach."

Nevertheless, the strength shown as conditions weakened last year is comforting for the future and most agents report a fair degree of confidence. Mr. Martin Hayter at the Paris office of Bernard Thorpe, sums up the atmosphere: "We are not ebullient, but neither are we morose."

The sector's strength continues to reside in the twin factors of tight development control and the traditional predominance of Paris. With no commercial new building permitted in central Paris, pressure on existing space maintains a permanent growth trend in office rents which, although slowed down by the general economic conditions still manages some pace.

This time last year, prime office rents in the 8th Arrondissement were said to be about 10 per cent higher on average over the comparable period.

The two-year view is that this pace has slightly increased and some agents are talking of a 25 per cent increase since the Spring of 1978. Jones Lang Wootton, for instance, is now talking rents of between FFr 1,000-1,400 per square metre in the best parts of Avenue George V, avenue Marceau, avenue Montaigne, avenue Hoche and the Champs-Elysees.

The acute shortage of prime space has had its inevitable impact on the best secondary locations such as Gare de Lyons, Tour Maine-Montparnasse and Boulevard Haussmann. Mr. Hayter, for instance, points to a 50 per cent increase in rents in such positions over the 18 monthes to a current best of around FFr 900 per sq. metre.

Curiously, these movements have not coincided with any marked increase in the level of take up of space which remains fairly constant at around 500,000 sq. metres for the Greater Paris area—60 per cent of which is in the central area and a further 25 per cent or so in the Western suburbs and La Defense, according to JLW.

Supply is a more delicate assessment as a simple total of empty space is misleading. This is because of the high proportion of new building underway in the La Defense complex which is either for owner-occupation or pre-let. However, the forecasts made in 1979 that all freely available space could be absorbed by early next year have now been revised.

Most agents are now warning investors that present patterns of rent increases could be dampened by space coming on to the market as a result of relocation programmes by major companies.

The move by Rhone Poulenc to La Defense in 1982 is a case in point. The company is planning to vacate six central Paris office blocks with a total lettable area of 40,000 square metres. Refurbishment of the units might take a further two years but the potential supply thus offered is already overhanging the market to a degree.

Rhone Poulenc is not the only company to have made such a move. At the end of last year, Saint-Gobain-Pont-à-Mousson vacated 12,000 square metres. Commercial decisions to relocate are being enforced by the increasing insistence of the political office relocation bureau which has been given considerable powers to encourage the growth of the New Towns in the Paris ring. More and more, companies are feeling the pressure from DATAR to move to these planned dispersal points.

It would take only one or two further sizeable decanting operations for supply in the central area to turn round into a sufficient surplus to check the growth trend in rents for large blocks.

Where shortages are seen as generally continuing is in small suites. Demand for units in the 50-500 square metre bracket is permanently unsatisfied. For some time now this has been expected to lead to a development of a strong refurbishment sector, but so far it has not materialised.

One reason given is that suitable buildings simply do not come on to the market frequently or in sufficient numbers. Foreign Institutions, in particular, are said to be keen to undertake such work. However, a more cynical view is that landlords of existing older suites, seeing the continuing strength of rents for unmodernised premises, are impervious to the attractions of future premiums due to refurbishment when the refurbishment programme necessitates a void period of two years or more.

The market for investment property generally seems strong but again caution is needed in assessing yield levels as the number of actual deals carried out is small.

The event of the year was, of course, the £55.5m sale of the Rhone Poulenc buildings. Richard Ellis arranged the transaction as a tender offer, obtaining Banque Arabe et Internationale d'Investissement (acting for Kuwaiti investors) and Banque de Privée de Gestion Financiere, a price which reflected a yield of between 7 and 7½ per cent. The strength of that yield is underlined by the fact that the properties are semi-speculative, given that Rhone Poulenc is vacating them in little over two years.

Attractions

La Defense, which was slow to establish itself during the 1970s has now come of age and yields there match the best obtainable in the centre. The proposals to increase the overall area of the project to 1.2m square metres—about 40 per cent — both underlines how established it has now become and the continuing attractions of the area for investors.

The shops market, on the other hand, remains largely a fragmented sector dominated by non-institutional special purpose sales. The removal of rent controls — formerly new leases could not be set at *rentals more than 2.35 times* the rent in the first year of the preceding lease, nine years earlier—has not had the effect first hoped for.

Investors continue to be put off by the tight planning controls maintained over shopping. However, changes are in the pipeline which could gradually open up the market. At present, change of use is virtually impossible to obtain and the definitions of use are drawn so tightly that, for instance, a tenant selling leather shoes cannot extend his range to leather handbags without payiog a significant premium to the landlord for the change of use laid down in the lease. A new piece of legislation colloquially known as the "despecialisation" bill, expected in the late autumn, could loosen the rules and eliminate some of the traditional premium racket.

Long road to recovery

BELGIUM

ANDREW TAYLOR

AN AILING national ecooomy and increased internatiooal pressure on company finances aeem likely to delay further the long-overdue recovery in Belgian commercial property values. World recession has occurred just when it appeared that in some sectors the vast over supply of accommodation in the major office property market of Brussels was approaching manageahle levels, and some pundits were forecasting that space shortages were likely to emerge in the near future.

The timing of recovery will now depend upon the length and depth of the recession and the impact thia will have on both aupply and demand.

In Belgium, as in many other countries, ecooomic pressures will act both for and against commercial property investmeot over the coming months. Financial strictures will limit the supply of new buildings likely to coma on to the market hut at the same time will hit corporate investment intentions and reduce tenant demand.

Political uncertainty in Belgium and new legislation affecting commercial property taxation, rent control and stricter planning cootrols are further factors likely to inhihit new development in the country's major property markets of Brussels and Antwerp.

But while the growth in the supply of new offices seems likely to remain restricted—with huilding work limited almost entirely to oew projects being carried out on hehalf of Government and EEC authorities — a major questioo mark remains over the exteot to which existiog space still banging over the market will he taken up by hard-pressed industry and commerce.

The level of huainess failures io Brussels rose sharply during the first quarter of this year, reflecting the growing economic pressures. In February alone there were more than 100 hankruptcies—13 per ceot more than in the corresponding month last year and 52 per cent more than in February, 1978.

Meanwhile, Brussels continues to feel the impact of ao oversupply of office accommodation unsurpassed in aoy other major European centre over the past five years. At the height of the city's problems there was estimated to he around 1bn sq. metres of post-1965 office accommodation either lying empty or soon to be completed.

With virtually no new development since 1975, this situation has gradually improved, and hy the eod of last year only around 300,000 sq. metres of post-1965 offices remained vacant. In some sectors of the market — for large space of 5,000 sq. metres upwards—there were signs that shortages could emerge in the near future.

There remains some confusion, however, as to the exact amount of space still availahle in Brussels. British agents Knight Frank and Rutley estimate that the total supply of purpose-built offices vacant in the city is still arouod 400,000 sq. metres. The true level of tenant demand for modern accommodation is also uncertain.

Figures produced by Richard Ellis, another leading firm of British agents operating in Brussels, show that at the end of last year 290,000 sq metres of post-1965 accommodatioo remained on the market—15,000 sq metres more than at the end of 1978 despite the disposal of some 100,000 sq metres of offices during the year. This contradiction arose because several companies in moving from one office huilding to another reduced their space requirements in line with staff reductions.

Key factor

The higb cost of salaries in Belgium has heen a significant factor inhibiting tenant demand, particularly from overseas companies which have no overriding operational need to locate in Brussels. Some of these have recently been attracted to other European centres like London, where, although rents are suhstantially higher, lahour costs are much lower.

Sheraton Managemeot Corporation, which controls Sheraton hotel operations, in Europe, Africa, the Middle East and India, last month announced that it was moving its headquarters from Brussels to Denham Place, Buckinghamshire.

According to Richard Ellis one in ten large foreign enterprises in Belgium halted operations during the five years to 1979. American investors in particular found that the dollar's weakness relative to the Belgium franc had added to already high lahour and material costs.

Other internatiooal compaoies, originally attracted to Brussels as the administrative centre of the European Economic Community—and by its excellent road, rail and air links with the rest of Europe and its large pool of skilled multi-lingual staff—have also come to question the wisdom of choosing Brussels as an office centre.

The country's practice of indexing wages to price inflation, which expected to rise to an annual rate of around 6 per ceot this year—high by Belgian standards—will only add to corporate pressures. At the same time domestic interest rates are at record levels. The National Bank discount rate was raised to 14 per cent in March this year as the Government attempted to stave off a devaluation of the Belgian franc.

Devaluation in a country so heavily dependent on imports, particularly oil, could effectively wipe out the forecast of two per cent growth in Belgium's Gross National Product this year—if that target has not already been hrought into qnestion.

Political uncertainty, with Prime Minister Mr. Wilfred Martens finding himself back in office at the head of a new coalition just six weeks after his resignation, has only served to add to the internal confusion of a nation still seeking resolve the differeoces hetweeo its Freoch and Flemish-speaking communities.

The long-planned regionalisation of a number of administrative functions has been a constant but uncertain factor within the Belgian office market. Proposals for separate Brussels, Flemish and Wallooo administratioos would certainly assist other centres like Antwerp and Liega and could also have created demand for extra space in Brussels as well. But these proposals still appear a long way from succeeding.

The growing space needs of government and EEC ministries and departments provides several areas where tenant demand seems likely to increase significantly, hnt to what extent this will be a major factor in the market also remains questionahle.

Of the 500,000 square metres of new property thought hy Richard Ellis to he under coostruction or about to start in Brussels at the beginning of this year, the vast bulk had already been earmarked for occupation by Government, EEC bodies or major Belgian institutions already estahlished in the capital.

According to agents St. Quintin SA, the private sector could suffer when this huilding programme is completed "with several major huildings, particularly in the Quartier Leopold, becaming empty" as puhlic sector tenants vacate premises to move to their new offices. The agents say, however, that the prospect of the release of properties presently occupied by Government bodies will further deter tha private sector from any significant new development.

With the replacement cost of office developments in Brussels running around 40 per cent above current market values, new speculative development would seem unlikely for some time.

However, as the oversupply of accommodation in the city is absorbed this disparity between market values and replacement costs should look increasingly attractive to property investors.

Rents for top office space in Brussels are still around BFr 3,000 a square metre, with rents of BFr 3,250 a square metre achieved on the recent letting of 11,750 sq metres of offices in tha Madou centre to a State institution and a similar rental being agreed for 7,000 sq metres at Marnix Egmont, both of themb uildings developed by English Property Corporation. the Belgian subsidiary of

The incidence of three-year hreak clauses in leases has been a further factor inhibting offica rental growth despite the indexation of rents in Belgium.

According to agents King and Co. the industrial property market has not suffered as badly as the office sector from oversupply of accommodation.

It says that shortages of industrial/warehouse space has begun to emerge around Zaventem airport, the most desirahle area for light manufacturing and warebousing. But even here the agents say space is slow to move although the underlying fundameotals of the Zaventem market remain good.

Elsewhere prospects for industrial property tend to look less hright with potential occnpiers bound to he daterred hy the poor husiness climate.

Meanwbile, given the outlook for the economy and the fundamental imbalance between property supply and tenant demand, inevstment yields in Belgium have beeo bigher than those prevailing in the UK and other European markets.

According to Richard Ellis, prime office yields are still around 6.25 per ceot, industrials at 8 per cent and prime shops 9 per ceot. This situation seems likely to continue for a little time yet hut the scope for recovery remains. Just when this will occur is another question.

Eyes on EEC entry

SPAIN

TERRY GARRETT

DISCUSSION ABOUT the Spanish economy ceotres oo two main features: risiog unemployment aod an advancing inflation rate.

That may not seem pecnliar to Spaio, but the country faces these prohlems from a weak hase. Sinca 1976 Spain has experienced increasing depression. Domestic demand continues weak and new investment stagnating except for the energy sector.

Rapidly expanding public sector spending la compelling the Government, led hy Sr. Adolfo Suarez, to consider putting pressure on the private sector. On current projections, the public sector deficit could be over Pta. 400ho. Interest rates may increase and the Bank of Spain may raise the amount banks are ohliged to place with the Bank in order to restrict the money supply.

It is hardly the scene for buoyant property investment or demand. However, two factors may, in the longer term, have a favourable impact on the Spanisb property market.

There is the possibility of regional autonomy which would create 14 regions with separate parliamentary rule. Such a oew bureaucratic organisation would certainly have an impact oo demand for office space.

Stimulus

The second factor is Spain's application to join tha EEC, which if successful would come about in three years. This could lead to an increase in demand from overseas companies wanting to set up shop in the country and perhaps an extra stimulus to demand from domestic manufacturers when potential for expert to other EEC members opens up.

But before more overseas multinationals are attracted to Spain it will have to try to control its inflation rate. This is around 16 per cent and could be higher by the year end, compared with 15.75 per cent in 1979.

Coosidering the problems facing the industrial sector—last year over a third of all new unemployment was in the Basque area, the heartland of Spanish industry—It is the office sector which may prove the main area of activity.

A survey recently published by Richard Ellis, ooe of the few UK agents active in the Spanish commercial sector, shows the total Madrid office steck, in terms of prime property, at around 2.3m square metres. This has increased by 10 per cent over the past year and a further 273,000 square metres is under construction.

Most of the floorspace is already occupied. According to Ellis, 149,000 square metres is for sale and a further 109,000 square metres is for rent.

Many new offices under construction will go to owner-occupiers, bnt some will he aimed at the rental market—an area ahowing considerahle signs of growth. Much ef the space availahle for rental is conceatrated in the north of the city, in particular two large sites.

Office centre

In Madrid the main office centre is around the Paseo de la Castellana and the Avda del Generalisimo. Chestertons S.A., an international property consultant, suggests the following as fairly typical rental levels in that area for modern air conditioned property. Office space could cost hetween Pta 1,200 to Pta 1,350 per square metre per month, added to such extras as a 10 per cent service charge. Car parking is bardly cheap. Rental levels are between Pta 5,000 and Pta 7,000 per square metre a month.

For those wishing to huy, office apace could work out around Pta 130,000 and car parkiog Pta 700,000-1,000,000 per square metre.

In recent years there bas heeo a steady take-up of office space thougb this year the figure will probably he particularly high—around 180,000 square metres—hecause of new offices being taken on by Banco de Bilbao and the Ministries of Industry and Cemmerce. Beyond that, new space taken up is likely to be fairly steady for the next couple of years, about 120,000 square metres per annum and some excess space could depress the market.

When considering Madrid, the plan for the capital created 18 mooths ago, Plan Especial de Madrid, should not be forgotten. As with most development plans, the idea was to provide stricter controls over design and huilding construction, hut so far all it seems to have achieved Is a delay in granting huilding liceoces, currently difficult to obtain, hut formal approval for the plan is expected by the end of the year.

Other factors which must he considered include the legislation hrought in at the beginning of the year which changes the base on which rentals are indexed to inflation. Rentals had been linked to a rental index, hut this has been switched to a maximum of 80 per cent of the consumer price index. Another poiot is that property transfer tax, which now stands at 8.2 per ceot oo the sale price, is likely to he halved this summer by the new legislation.

On tha industrial scene, the position is far from bright. The proposals to create the autonomous regions may give some areas a boost. Spain has already identified several development areas where various grants and inceotives are on offer to companies to set up new operations. So far these areas have not attracted much extra new husiness.

In the Madrid area modern light industrial space commands a rental of Pta 190 per square metre a month. Oo top of that, attached office space would ha available for Pta 300 a square metre a month. Barcelona is cheaper, with industrial space around the Pta 160 mark and office accommodation proportiooately lower than in Madrid.

Most industrial development, however, is aimed at the owner-occupier rather than tha rental market. Prices for industrial space vary according to position and are currently Pta 12,000-20,000 per square metre.

Even if EEC membership does bring in more multinationals, it is a moot point whether they will he attracted to areas outside the accepted main industrial regions. It is the sort of prohlem faced by any "development area" though overall EEC membership must he good news. At present Spain is still one of the lowest cost areas in Europe for manufacturing facilities.

INTERNATIONAL PROPERTY V

Surge of investment in Hong Kong

SOUTH-EAST ASIA

RORY FERGUSON

THERE CAN be no doubt that the South-East Asian region is becoming a major economic and political force in world terms. Many countries within the region are averaging an annual growth of eight to nine per cent, out-performing most of the great world powers by a wide margin albeit, from a mnch lower base.

But there are warnings, nonethaless, that some of the developing non-oil producing countries of Asia are facing a deht crisis of huge proportions. Unable to pay thair mounting oil import hills and already in debt up to tha hilt to commercial banks, these countries are facing tha prospect of massive defaults, or restructuring of their debts.

So, from a property development and investment point of view, tha major countries in South-East Asia, such as Hong Kong, Slngapore, Malaysia and Japan, are the only ones attracting a great deal of interest in the current economic climate.

Of these, Hong Kong continues to dominate, the greatly improved relations with the authorities in China which has led to sustained business confidenca and, in turn, to a surge of fresh property investment over tha past year to 18 months.

Probably the factor of most concern is the growth rate of domestic demand—and bence, inflation. Hong Kong has re-emerged as an entrepot for China's exports which should result in a further narrowing of the trade gap which portends well for the strengthening of the Hong Kong dollar.

The property markat in Hong Kong saw a continuation of boom conditions during 1979 and demand for new offices and expatriata style residential accommodation bas risen to an unprecedented level resulting in a steep rise in property values flamed hy tha current chronic shortage.

The Hong Kong authorities have sought to limit the effect on residential property of these steep risea by the introdnction of a fresh rent control, which will limit rent increases to 21 per cent for a two-year period. This new legislation goes a step further than existing controls by inclnding government and company leases as well as individual leases. It will also include leases of any duration thus ending the "short leasebold" type leases.

According to David Royce, of Jones Lang Wootton's Hong Kong office, the demand for first class office accommodation in the central business district and in Tsimshatsui continues to be strong. There is very little space to rent in any of the best quality buildings in the central district.

The next major development to he available for letting is the Gloucester Tower scheme of Hong Kong Land. This will contain some 600,000 sq. ft. and althongb entirely pre-let it will to some extent relieve the pressure because it will release some space in other buildings.

There is a considerable amount of space under construction and due to be completed during 1981/82. This will include development on reclaimed land at Tsimshatsui East, where a comprehensive commercial area has been planned. Individual sites have heen sold at puhlic auction over the past two years and these sites together with four botels and a number of major office buildings and shopping arcades is expected to be a buge success.

Phenomenon

One pbenomenon of the present market is the keen demand to purchase strata titled floors in prime office buildings, notably Worldwide House and the Admiralty Centre. Although some speculation has occurred and capital values of the floors in Admiralty Centre have increased from the original sale price of HK$ 1,000 per sq ft to HK$2,000 a sq. ft. over a period of 12 months, rents have not yet kept up with these huge rises in capital values.

This is because the prices paid for the floors was baaed over the gross floor area and to obtain a fairly modest yield on capital, the rentals for these floors would need to be around HK$240 a sq. ft. a year. In fact, at the present time only in isolated cases bave rents heen achieved in excess of $180 per sq. ft.

The Hong Kong office of Richard Ellis states that three factors are influencing the development of the retail sector in Hong Kong. One is the development of the Mass Transit Railway and better road communications, which has heen accompanied by a sharp rise in private car ownership, despite Government deterrents.

Second of the factors is the sbift in demand away from basic necessities towards consumer durables, such as electrical appliances. And the third is the continuing rise in Hong Kong's population, although this is difficult to enumerata as illegal immigration operates on a substantial scale.

The supply of flatted factory space, that is multi-storey space huilt in that manner because of the shortage of industrial land, built during 1979 was estimated at around 13m sq. ft. A further 12m sq. ft. is due to come onto the market dnring 1980.

Most of this type of development is now confined to the New Territoriea with the coocentration in areas sucb as Kwai Chung and Tsuen Wan, the latter an area which will heoefit from tbe extension of the Mass Transit Railway currently under construction.

In Singapore, the market for prime offices continues to be concentrated in two principal locations—the central husiness district within and around the financial and commercial areas of Shenton Way and Raffles Place and along the fashionable Tanglin/Orcbard Road, where there is also the main concentration of tourist hotels and the prime shopping district.

Between 1970 and the end of 1979 a total of 10.3m sq. ft. of offices were developed. In the same period the total annual take-up of officea was on average just over a million sq. ft.

Although the market was in the doldrums with an excess supply particularly between 1974 and 1977, it is estimated that by the end of 1979 there was only just over 100,000 sq. ft. of vacant offices on the market.

This bas caused rentals to harden: prior to 1978 rents on average for high quality offices was between S$25 to S$28.8 per sq. ft. a year. But rents for prestige offices in buildings, such as the OCBC Centre, are pitched between S$33.6 to $37 per sq. ft. a year.

Jooes Lang Wootton's Singapore office reckons that in the short to medium term demand will continue at a steady level putting more pressure on rentals. Several new developments are planned, but it will be some time before these are completed and the supply becomes easier again.

Dramatic growth

Tourism to Singapore bas grown dramatically over recent years and the completion of the new Changi International Airport will confirm Singapore as the point in the South-East Asia region most capable of handling major movemeots of air traffic thus enabling it to win the major proportion of stopover traffic.

In recent yaars the development of shopping centres has been one of the most rewarding and popular forms of property investment in Singapore.

Some property experts there believe tbat there will be an over-supply of retail space over the next few years. The logical casualties of this over-supply will be those traders in centres which have no ancbor traders to attract shoppers and wbere layouts are confined and congested.

One new scheme which looks capabla of attracting huge trade is tha Cold Storage Centrepolnt on Orchard Road, the seven-storey scheme will have some 750,000 square feet of floor area, two department store groups have taken space including Robinson's, a major local stores group. In addition there will ba 250 speciality shops and adequate car parking. JLW are the agents for the huge davelopment.

Malaysia's economy continues to be the envy of many Weatern countries. The October 1979 Budget Introduced wide-ranging cuts in income tax, wben the Minister of Finance bighlighted the fact that over the past four years economic growth had averaged 8 per cent a year, with ioflation at only 4 per ceot.

The property sector is healthy and active and most experts there are predicting a very good period for development and investment during 1980. One factor which is helping is that hanks are now willing to lend on mortgage for longer terms than previously.

The office market has entirely changed over the past 12 months. A year ago there was an unprecedented over-supply which appeared likely to increase. Since then, the Government has called a halt to its own building programme and is now leasing buildings from the private sector and from semi-Government organisations, such as Bank Pertanian and Bank Rakyat.

During 1979, some 600,000 sq. ft. of offices were let in new and recently-completed buildings and an additional 300,000 sq. ft. was completed by owner occupiers. During 1980, some 800,000 sq ft is due to be completed.

Surprising buoyancy

AUSTRALIA

RORY FERGUSON

THE LONG, slow recovery of the Australian bas left both inflation and unemployment at bigh levels—and while most forecasters agree that inflation should moderate in the years to 1983, the prospects for unemployment appear less certain. The Government projects a 3 to 3½ per cent increase in the non-farming gross domestic prodnct for the financial year ending June 1980 compared with 2.4 per cent in 1978/79.

Despite the recent mini-budget tax cuts of A$0.6bn, the Government is keen to see the domestic account deficit wiped out in 1980/81. Analysts are forecasting inflation of 10.6 per cent for the year to December, 1980. But wage pressures are building np and the rise in average weekly earnings in 1979 of 9.7 per cent seems likely to be topped in 1980.

Against this background, the property market is surprisingly buoyant. As rents begin to rise sharply after a decade of stagnation it is possible for the first time for many years to see a renewal of development activity.

Reports from all of Australia's major cities, with the exception of Melhourne, are remarkahly consistent. They indicate a steady absorption of the surplus of new offices throughout 1979 at a rate faster than many property experts had anticipated. Encouragingly, the increased take-up bas been largely aa a result of demand from tha privata sector—a fact which many see as an indication of a healthy economic trend.

According to Michael Mahony, a partner of Jones Lang Wootton's Sydney office, the city of Sydney began 1980 with a minimal over-supply of offices of only just over 1m sq ft.

He recently stated: "If one considers that the average amount of offices let each year for the past ten bas been some 1.26m sq ft, and for the past four years 1.56m sq ft a year, it becomes apparent that on past trends the shortage of new office space will now occur before December, 1980, which is almost a year sooner than we had predicted.

Many observers bad predicted that tha new lettings of the past few years would result in a substantial amount of second hand space being available, bnt in fact this market has also been strong and at the beginning of 1980 only 600,000 sq ft was available.

Significant areas of offices remain unlat in only four central Sydney buildings. Three are very close to one another around the new Stock Exchange in Bond Street, and the other—the MLC Centre, occupying more of a mid-city location on Martin Place. The vacancies at the beginning of 1980 were CBA Tower, some 232,000 sq. ft; MLC Centre, 208,000 sq. ft; General Accident Building, 112,000 sq. ft; and MEPC's Exchange Centre, 112,000 sq. ft.

The Exchange Centre development by MEPC in Bond Street bas, in recent years, become one of Sydney's most successful buildings. It is in two components with a 31-storey bigh-rise office tower, linked to an eight-storey low-rise block.

Already the bigh-rise tower—named New Zealand Insurance Building — is over 75 per cent let to snch well-known companies as Chase Manhattan, Hill Samuel and the Hongkong Bank Group. The smaller building has heen let by the leasing agents, JLW, to the Custom Credit Corporation and it will now be known as Custom Credit House.

An interesting aspect of the present-day market, compared with the situation two or three years ago, is that there are virtually no large areas of space available in the cbeaper southern parts of the city. The choice to major teoants is confined to the more expensive space in the beart of the financial centre of Sydney.

Prior to 1979, the higbest rental in Sydney was A$17 a sq. ft, paid by Mitsubishi for two floors of the MLC Centre. But this rent was eclipsed in 1979 wheo at the first three-year review the top floor of the AMP Centre achieved A$17.50 a sq. ft; perbaps, significantly, the tenant in this case is another Japanese company, Marubeni. Rents of hetween A$18 and A$32 a sq. ft are expected this year.

Investment yields for prime central area offices in Sydney are currently pitched between 5¾ and 7 per cent, compared with between 6¾ and 7¼ per cent at the middle of 1978.

Emphasis

The North Shore of Sydney saw a sligbt reduction in the total take-up of offices in 1979 compared with tha record for 1978, and this reflected the change of emphasis from North Sydoey to some suhurban areas such as St. Leonards, Gordon and even Epping.

Between 1968 and 1980, 73 buildings were constructed in North Sydney with a total lettahle area of some 4.7m sq ft, at the end of 1979 there was 350,000 sq ft of this space still vacant compared with 570,000 sq ft at the end of 1978. In St. Leonards suburb, 47 buildings have haen erected over tha same period with a total lettable floor area of 950,000 sq ft at the end of 1979 thera was only 20,000 sq ft of that total unlet compared with 30,000 at the end of 1978.

In the Sydney suburb of Chatsworth, 17 huildinga have gone np sinca 1968 with a total floor area of 550,000 sq ft there is nona of those offices remaining compared with 100,000 at the end of 1978. Other fringe areas of Sydoay have seen a total of 24 buildings during the same period with a total floor area of 520,000 sq ft of which only 10,000 sq ft remains unlet.

The big selling factor in these decentralised locations is that they can offer an organisation a locational identity, extensive car parking and, above all a pleasant working environment.

In Canberra, tha closely matched supply and uptake of offices wbich was such a feature of the 1970s is unlikely to change, at least for some years to come. In fact, there will probably be a shortage of new space until 1982. Rents in the seat of Government capital are generally pitched between $10 and $13 a sq ft depending on the size of the space leased. Because of the shortage of space the rents set at review dates are likely to be considerably highar than in recent lettings.

In a raport by the Richard Ellis office on the Australian market, it states that although there are worth-while opportunities for investment in Australia it is evident that there are substantial variations in prospects between localities within centres.

"In this context," the company states, "prudence has to be exercised in selecting investments and developments which will offer sound returns, and in the case of owner occupiers, in choosing sites which will provide the market opportunities and the accesa to commuolcatioos and resources to foster the growth and profitability of the enterprise."

According to Mike Smith of the Melbourne office of Jones Lang Wootton, there was some 750,000 sq ft of offices on the letting market in Melbourne at the beginning of 1980 and, since then, a further 260,000 sq ft has come onto the market in the bigher floors of the Collins Tower.

Mr. Smith believes that it is significant that of the total of over a million square feet that much of the space is located in two buildings in the eastern sector of the city—some 200,000 in Nauru House and 480,000 sq ft in Collins Tower. He says that top-quality space is becoming scarce in the central and western parts of the city. The two major buildings completed in 1978 in these areas are now about 85 per cent let with active interest in the remaining offices.

The prospect of a shortage of new space sparked off some interest among developers but although rents bave firmed, the general lavel is still well below the level at which new schemes would be viable.

During 1979 some 610,000 sq ft of offices were let in Brisbane, this was a significant increase on both 1977 and 1978 wben a total of 600,000 sq ft was let in 24 months.

Battle to withstand rigours of recession

UNITED STATES

ANDREW TAYLOR

THE AMERICAN economy, after five years of almost continuous growth, has at last moved into reverse, leaving the U.S. real estate industry facing its most testing period since the commercial property market collapse in 1974/75.

It is clear that the industry is generally in much better shape than six years ago to withstand the rigours nf recessinn. Despite an upsurge in building activity over the past two years, there are few major cities where a dangerons oversupply of accommodation is likely to emerge.

But key questions remain—the answers to which may fundamentally alter the shape of a property investment market which has already undergone significant changes under the pressure of record interest rates and soaring inflation.

The most important of these questions is how long will the recession last and how successful—and at what cost—will Federal Reserve policies be in bringing down an annual inflation rate, running at 18 per cent during the first quarter of this year.

The Carter Administration and the Reserve Board have recently been criticised—with accusations of "overkill"—for introducing a tight credit squeeze earlier this year, when, in hindsight, the economy had already moved into recession.

Interest rates

The rapid fall of interest rates on Wall Street—commercial bank prime rates have fallen from a peak of 20 per cent in mid-April to aronnd 14 per cent—coupled with the Reserve Board's decision last month to scrap the 3 per cent surcharge on its discount rate for larger banks has provided an apt commentary on the way the recession has revealed itself in the past few months.

Decisions taken over the next 12 months, particularly on interest rate movements, will have important implications for a property market already in the process of changing its approach to funding real estate investment, tn one more suited to a volatile, high inflation, high interest rate economy.

Traditionally, U.S. property development has been financed by lnng-term mortgages of up to 30 years and at generally fixed rates of interest. This approach has given lending institutions, like the pension funds and insurance groups, a good, safe return on their money while inflation and interest rates have remained stable and kept with single figure.

In the main, development has been carried out by private individnals and companies attracted to property by the tax shelter provided by ownership of buildings in the U.S. This climate has changed significantly in recent years as the cost of money has soared and institutions — like as their British and European counterparts—have increasingly come to recognise the need for alternative forms of investment, like property, to provide a hedge against inflation.

A number of options have either been tried or are being seriously considered as alternatives to the traditional funding by institutions through lnng-term mortgages. These include:

- The granting of fixed rate mnrtgages, but with the institution sharing in a percentage of the net rental income above an agreed trigger point.
- Long-term mortgages, but with floating rates of interest.
- Convertible first or second mortgages giving lending institutions an option to convert debt financing to an equity stake.
- Direct equity financing, either in full or part.

Jones Lang Wooton, a British agent operating in the U.S., is in nn doubt that mnre and more major institutions will in future be "providing equity financing for new real estate projects in much the way that many UK institutions now fund developers in that country."

The longer it takes to bring inflation under control and bring interest rates down, the greater the pressure will be for institutions to involve themselves more directly in long term property investment.

Meanwhile, the high cost bf borrowing and soaring building costs is putting a severe squeeze on private develnpers and new schemes would appear increasingly unlikely in today's climate.

This suggests that in some cities at least new development will fall short of demand forcing a further increase in the capital values of existing buildings, particularly those which have rent reviews, dne shortly.

While financial strictures will limit new building programmes, increased planning and environmental controls in some States and cities have also put a brake on new development.

By comparison with the UK and other European countries, there have been traditionally very few legislative controls on land development in the U.S. But this climate too has been changing.

Developers are now facing more difficulties than ever before as the strength of the environmental and planning lobbies has increased both in Congress and the State capitals. As a consequence, some States have introduced requirements for developers to provide encironmental impact studies when seeking permits — and controls applied to permits have become increasingly stringent.

Richard Ellis, another company of a growing band of British estate agents operating in the U.S., says: "There are now parts nf San Francisco where new buildings higher than 12 stories are not permitted and height restrictions are also applied in some other centres."

It is ironic that planning controls, so often bitterly attacked by developers, can, in some cases, bolster rents and capital values by restricting the supply of accommodation.

JLW reviewing prospects for the New York and Los Angeles office markets, says that due to a combination of land controls —and, in the case of New York, the geography of the city — new development in these two major markets has been constrained, at a time when there has been strong demand for office space.

This combination has served to push up rents in these cities and reduce the level of vacant accommodation. Factors which will continue to work for the two markets during the present recession.

Even those centres where land and planning controls have remained virtually non-existent, notably in the southern "Sun Belt" in such cities as Houston, demand last year continued to outstrip the speed at which new developments could be built.

The underlying strength nf the U.S. property has maintained its attractinn to overseas investors like the British and Dutch pensions funds and nroperty companies.

The largest transatlantic property deal so far concluded by the British was Natinnal Coal Board's pension funds £67m purchase last year of Continental Illinois Properties, which included in its portfolio an interest in the Watergate complex in Washington.

Not all the deals have been so large. More recently, a consortium of British pension funds and Grosvenor International—the overseas trading arm of Grosvenor estates—announced the purchase of a 50 per cent stake in a 382,000 sq ft office block in San Francisco for a price thought to be around U.S.$20m.

In another recent move, Brixton Estates, a British property developer, announced its first-ever U.S deal. The purchase of 140 acres of land 15 miles from Houston's city centre where it plans an industrial/commercial development with local developers James H. Glanville.

The same day as Brixton was making its announcement, Wereldhave, the Dutch property group, revealed it is to form a new company in the U.S. into which it plans to pump U.S.$65m of new finance.

At the end of last year, Wereldhave held investments worth around US$ 475m, of which almost a fifth were in the U.S.

Whether the U.S. will retain its attractiveness to overseas investors during the present recession, remains to be seen. Rents are clearly unlikely to grow at the rate they have been doing in many major cities, and they may plateau for a time. But in the longer-term, there is no reason why commercial property should not remain a sound Investment in the U.S., particularly as a hedge against inflation.

Plenty of investment opportunities

CANADA

JACK WILLOUGHBY

OVERSEAS INVESTORS will find plenty of opportunity to compete with financial institutions for real estate in the U.S. and Canada as high interest rates and the prospect of a recession send North American developers nn a cash hunt.

Although mortgage rates have come down from their record 14 per cent levels of early 1980, current rents in Canadian cities rule out new construction without some form of equity financing, usually a major ownership stake in exchange for long-term financing below market.

Institutions willing to invest in property at a low initial yield are buying into prime properties for future returns. Analysts say shopping centres or office buildings are available in major cities with an initial yield nf about 6 per cent, with the chance of a 9 per cent yield in three years.

Mr. Keith Morley, chairman of Toronto-based Costain, a subsidiary of British-based Richard Costain, said those with a lot nf cash tn invest in Canadian real estate should consider sending over their own management staff for acquisitions. The few competent property management services in Canada are quite expensive.

Rental markets are extremely tight in Canadian cities, except Montreal. Several western provinces have started long-range plans to remove the rent controls, which developers have blamed for restricted supply. Apartment investors will be watching Alberta closely when controls are fully removed this July.

Mr. Louis Matukas, executive vice-president of Lehndorff Management of Toronto, the Canadian manager of over $1.2bn in North American assets for 3,500 European investors, has seen foreign interest increase sharply over the past year. Mr. H. G. Abromeit, president and founder of Lehndorff, said he was aware of 10 to 15 families who want to buy real estate in North America, but it is getting harder to find good properties.

Canadians themselves say opportunities in their home country are rare except in western Canada. Recently, almost every property developer has established himself in the sunbelt states of Florida, Texas, Colorado, Arizona, and California.

British pension funds and European investors, mildly interested in western Canada, share this fascination with cash-crazy U.S. development. Foreign investors say they prefer the U.S. sunbelt to Canada because of the large markets, but others argue the economic climate in the sunbelt areas will probably suffer heavily in the expected U.S. recession.

Although there are a wide range of possible buys in the sunbelt area, foreign investors will be competing with Canadians and Americans who have been entrenched for years.

"There's a disaster looming for some large Canadian company in the U.S.," said Mr. Ira Gluskin, real estate stock market analyst for Brown Baldwin aod Nisker of Torooto, who predicts the hot U.S. property market will soon cool, to the detriment of the giant multinational property firms.

Prime locations

Despite the recent construction decline, analysts say Toronto has a shortage of prime office space for the first time in many years, which should push rental rates up by at least 7 per cent annually for the next three years.

Olympia and York Developments of Toronto, which controls English Property, is building another office tower alongside the 72-storey Bank of Montreal building, the city's tallest, to complete its first Canadian place development in the heart of the financial district. Toronto-based Sun Life Assurance of Canada, which has moved its head office from Montreal, was going to establish headquarters in the second Olympia and York tower, but it has announced plans to build its own tower next door. British-based Trust Houses Forte signed a 30-year agreement in May with a Toronto builder to redevelop and operate the 77-year-old King Edward Hotel as part of a recent North American expansion plan.

Calgary and Edmonton remain the centres of Canadian construction activity, but some investors feel both cities are overheated from the special attention paid to them by foreign investors and Canadian developers eager for building oportunities. Nevertheless, demand for Calgary office space is expected to remain buoyant while it quickly develops as the financial centre of Alberta, Canada's main oil-producing province.

Recent corporate restructuring of major oil companies, with the establishment of exploration headquarters in Alberta, is boosting office building in Calgary. The petroleum indnstry's corporate activities are pulling in a growing complement of banking services, both domestic and foreign. Spurred by the major corporate expansion, developers are building many projects, and despite fears of an oversupply problem, absorption has so far remained high.

Development growth in Edmonton, the provincial capital and Alberta's other major centre, has been set back by extended negotiations between Canada and the U.S. over the route of a major oil pipeline. The secondary industry expected to arrive in this supply centre for development of the Canada's far north has not materialised, leaving the city with excess downtown office space. Experts predict that as much as 25 per cent of Edmonton's total office space may be vacant in 1982, because of the delay.

A. E. Lepage of Toronto, Canada's largest real estate broker, has predicted in its annual survey that 2m square feet of new downtown office space is planned for this year in Edmonton. Canadian property managers fnr foreign investors say the oversupply may make Edmonton a more profitable hunting ground in the months ahead, but right now property is overpriced.

After several years of modest growth Vancouver's office market has started to show encouraging signs of resurgence with the energy boom and prospects of increased trade with Asian countries. This year more analysts expect more than a million square feet of office space to be added to greater Vancouver.

Daon Development of Vancouver has proposed to build that city's tallest office tower—a C$90m project—as the head office of pulp and paper manufacturer Macmillan Bloedel.

The Maritime Provinces and Manitoba have suffered the most from the latest downswing in the property market. Manitoba's capital city, Winnipeg, has been especially hard hit in both residential and commercial markets.

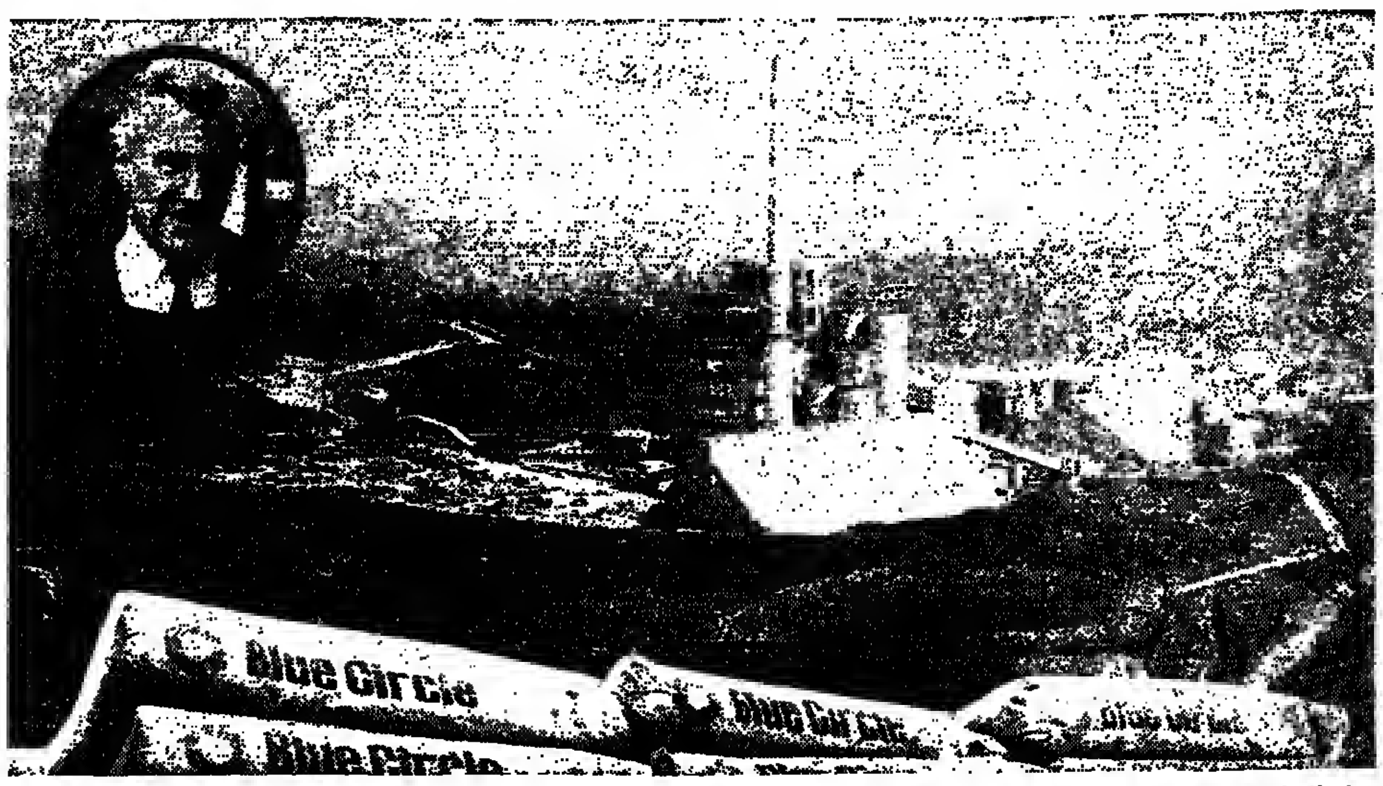
Some shopping centre developers, disappointed with the few development opportunities in Ontario and the resulting westward rush, have started to build mid-size shopping centres in Canada's smaller eastern cities. Although these centres must be carefully situated, developers say it is easier to get a fast answer on a project in maritime municipalities. Prices are competitive but it takes much longer to sell prnperties. St. John's Newfoundland, appears to be in the middle of a real estate boom, coming from the Hibernia oil find off its coastline. The residential market has heated np considerably and there is little vacant space in the rental market.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Andrew Taylor looks at Blue Circle's improving prospects despite a static home base

Cement may be soft—but the foundations are firm



John Milne (overlooking Blue Circle's plant at Hope, Derbyshire): accepts that Britain's demand for cement will be cyclical, whereas developing nations offer attractive growth prospects

A QUESTION mark must hang nver any business controlling 60 per cent of a bome market which has declined by almost a quarter in the past seven years and shows little sign of any medium term improvement. This is the position that Blue Circle, the UK's largest cement manufacturer, finds itself in today.

Blue Circle's answer, like that of other major British groups faced with a deteriorating home market, has been to pursue growth marketa overseas while et tha same time seeking to diversify in the UK into new products eway from its maln-stream business.

This policy of overseas expansion backed by a 24 per cent rise in UK cement prices, looks like paying nff in tbe current year. Recent industry forecasts suggest that 1980 pre-tax profits could be at least £70m after last year's sluggish performance when profits rose by only £1.3m to £51.9m.

The groundwork of the group's strategy has been prepared over many years, but it is only in the past five yeara that Blue Circle bas significantly stepped up its overseas investment and begun to pursue more aggressively a policy nf diversification.

Its bid to acquire Armitage Sbanks, the sanitaryware manufacturer—now subject of a Monopolies Commission investigatinn—is the latest and by far the most comprehensive attempt to expand a product range wbich includes brickmaking and, somewhat esoterically, eel-breeding.

The group's eventual aim ls to generate between a third and half of its hnma profits from non-cement activities but says it could be some years before this target is achieved. It will not be rushed into a buying spree. At present around 20 per cent of UK profits are generated by non-cement activities.

The outcome of the Monopolies Commission probe into the group's £30m bid for Armitage Shanks is important on two counts. Firstly Blue Circle sees the sanitaryware manufacturer as a significant addition to its UK operations; secondly the investigation will provide a guide tn the likely attitudes of both Government and Commission towards future major diversification moves by the group, given its dominant position in the UK cement market.

This is the second time that a bid for Armitage, which claims a third of the UK toilet and bathroom fittings trade, has been referred to the Commission. The previous bidder, Glynwed, in 1973, pulled out before an investigation even began. This time Blue Circle, with a 13 per cent bolding in Armitage, gained acceptances from holders of 48 per cent of the abares (wbich subsequently lapsed) before the probe was announced. The company decided to let the investigation run its course.

Meanwbile, Armitage Sbanks has been enjoying buoyant trading conditions, and this week announced record pre-tax profits of £6.27m in the year to March 29, 1980, up 38 per cent nn tbe £4.53m of 1978-79.

Previous diversification by Blue Circle has tended to be piecemeal, occurring more often through accident than by design. Activities like brickmaking, for example, have been acquired through the purchase of cement companies with other interests.

Equally, lnng standing overseas investments have assumed increasing importance aa the UK market for cement has declined and develnping nations, rich in natural resources, have launohed ambitious construction programmes to provide roads and nther essential infrastructure.

It is from its overseas cement operations, in countries like Mexico and in the Far East, that much of the group's profits growth can be expected over the next few years. Its philosophy on its mainstream cement operations, which still account for 80 per cent of sales worldwide, is a aimple one.

John Milne, the managing director, says: "Developed nations with well established infrastructure, like Britain and Australia, must be regarded as "ex-growth" In terms of cement sales although there will always be cyclical fluctuations in demand. In these countries Improved cement profits will come from greater efficiency and rationalisation.

"Developing nations, on tbe other band, offer attractive growth prospects but against tbis must be set the financial risks of operating ln countries with unstable political climates. There is always a threat of possible natinnalisation—either In full or part — of nverseas interests."

To keep thia kind of risk to a minimum Blue Cicle has been willing to accept local partners in maoy of the countries in which it is represented, while its associates are generally expected to be self financing, further restricting financial exposure. The jewel in Blue Circle'a crown is its 49 per cent stake in Empresas Tolteca de Mexico, one of the country's leading cement manufacturers, wbicb controls around a quarter of the local market.

Mexico, with Its rich oil reserves, stable political climele—under the 50-year-old ruling Institutional Revolutionary Party (PRI)—and a government committed to economic expansion, more than satisfies Blue Circle'a criteria for a strnng growth market.

The Mexican government is still deciding how best tn utilise its mounting oil revenues, estimated at U.S. $11bn (£4.7bn) this year, and allhougb the exact aims of Its recently published "Clobal Plan" are difficult to unravel, some very major projects are in the pipeline. Of the 932bn pesos (£18bn) that Pemex, the state oil monopoly, is expected to earn over the next three years, 68 per cent is planned to be spent on priority services like roads, agriculture and non-oil industries.

To meel this extra demand Tolteca will increase its annual capacity from 3.6m tonnes to 4.2m tonnes thia year; rising lo 7m tonnes by the end of 1982. Lasi year Blue Circle's Mexicao operations contributed over a fifth of group trading profits compared witb less than 10 per cent in 1976.

Tolteca, founded by Blue Circle in 1912, typifies the group's approach to its overseas investments. Apart from the original cost of establishing the business the British group says it has made no further ignificent direct investment into Its former subsidiary which bas heen expected to fund expanslon under its own steam.

Like other major British construction-related groups, Blue Circle regards South and Central America as potentlally significant growth markets, particularly now that opportunlties in the Middle East are becoming more scarce.

Last year it paid £19m for an 82 per cent stake in Chile's largest cement manufacturing company, Fabrico de Cemento El Melon, with an annual capacity of 750,000 tonnes. The move was surprising given Chile'a political background but the group took the vlew that the risks Involved were outwelghed by the potential financial rewards.

Blue Circle has also been increasing its involvement ln the Far East, another attractive market for international construction. Earlier this year it paid $19m (£8.3m) for a 26.4 per cent stake in PT Semen Andalas Indonesia, a new company established to develop and manage a 1m tonnes a year cement plant in northern Sumatra. Three-quarters of the company is owned by non-Indonesians with Blue Circle's stake ihe largest. The project, costing around $200m, will include a harbour, power station and houaing.

Blue Circle will meet its share of the costs from group resources, strengthened by the £27m sale last year of its minority stake in Genstar of Canada. The Indonesian associate—to he managed hy Blue Circle and PT Rencong Aceb Semen, its leading Indonesian partner—wlll, typically, be expected to finance its own operations and expansion after tbe initial injectlon of cash.

In fact most of the development costs will be financed from internalional borrowings for which Blue Circle—as in Mexico—has agreed to provide limited guarantees only until the plant ls constructed.

Last year just over half the group's pre-tax profits were generated by overseas subsldiaries and associates. The proportion would have been higher but for a higb sterllng exchange rate—the Impact of which ls still being felt—and problems in the Middle East wbich prompted a £4m decline in Marine Cement's profits contribution.

Tbe problem faced by Blue Circle's UK cement operations bas been to offset sharply falling sales by becoming more efficient and by rationalising its operations. It now runs just 16 UK plaots compared with the 31 operating just over a decade ago.

Although the group has maintained its share of the home market at around 60 per cent, volume sales in the industry have declined from 19.8m tonnes in 1973 to 14.9m tonnes last year. And, despite regular price increases, the return on capital employed throughout tbe industry, on a current cost hasis, was still only just over 4 per cent in 1979.

Fuel costs

In February the Cement Makers' Federation announced that prices of ordinary Portland and rapid-hardenlng Portland—the types of cement most widely used in construction—were to go up by a further 24 per cent. The rise was needed to pay for modernlsation plans and to meel rising fuel costs.

Even so John Milne estimates that return oo capital will still only be around 6 per cent ln 1980—given an anticipated fall nf 1 per cent in cement sales this year. He saya that Blue Circle expects to spend an average £50m annually over the next decade—£33m this year—making its UK cement operations more efficient.

Meanwhile the group is intent upon improving the profits profile of its UK businesses, although future diversification is likely to be restricted to construction industry related products and services, the industry Blne Circle knows best. To date the most successful of its non-cement activities has been Its exterior decorative products where Sandtex is the market leader.

A large proportion of tha non-cement activities have either been inberited through takeovers of have evolved as bi-products or Its mainstream cement making activities. Fnr example, eel breeding at Its Weardale works has developed as one way of using the tbousands of gallons of water drawn daily from the River Wear to cool cement clinker. But not all tbe group's activities are so peripheral. They include bnilders merchants, lime and flint production and a land and property development divisinn. Shanks would give Blue Circle an Important stake In the home Improvement sector—one of the very few recent growth sectors for the British construction Industry.

The top dogs

FOR THE ambitious executive the road to the top can involve a bard, cruel slog, but can quite often be a matter of luck. Few people actually make it, if only because a pyramidal structure dictates that there bave to be more sheep than sbepberds.

Bnt bow did those wbo did make the grade get there and wbat are the key influences on their develnpment?

An executive, it seems, enters senior management by the time he is 32 years of age and achieves the top job by 41. On the way up be has served ln more than eight different roles and has worked for two or three different organisations.

He does not have a specific personality but an extrovert aeems to have a better chance of getting tn the top of the tree. If anything, chief executives are marginally more creative than practical and when making decisions do so by analysis rather than for subjective reasons.

This "profile" of a top executive emerges from a survey of more than 200 senior managers by Professor Charles Margerison of the Cranfield School of Management. As part of his research, which is due to be published in August, he lnterviewed about 20 chief executlvea in major companies.

Professor Margerison maintains that it is increaaingly recognised that management development is a vitally important part of an organisation's overall approacb to improving its performance. Up to now this has generally lnvolved some manpower auditing and forecastlng, establlshing job descriptions, introducing appraisal procedures, putting promotion processes on a more formal basis and facilltating tralning and development.

But these processes, be claims, say little about the individual managers and the range of experiences they need to learn thelr job.

Perhaps tbe over-riding factor tn emerge from the research is the importance of what be calls "people management"—the ability to nnderstand and manage subordinates effectively.

Professor Margerison says tbat senlor managers need to complement their technical skills with certain behavioural skills. "At the end of the day lt is how they relate to others tbat counts—finding the right words in a variety of situations and behaving correctly at the right time."

While a lot of work was being done to improve skills in this area, there was a need to widen the scope of looking at organisational development, as opposed to individual development, be adds. This should include programmed job rotation, a continuing education policy to encompass in-bouse and outside courses and guidance on personal development.

Professor Margerison believes that the issues emerging from his researcb bave major implications for management development and training.

Stagnate

It sbows, for example, the vital importance of early development. This means that the process of management development must begin in the 20 to 30 age range. It must involve personal responsibility for a significant part of the business, being in a position of leadership over otbers and exposure to different aspects of the business in different functions.

People with potential shonld also not be allowed to stagnate in a job. They sbould be moved on average every three to five years. The "higb flyer" must be moved.

These conclusions were based on the answers to an exhaustive range of questions put to the senior managers.

Essentially they regarded their own development as a function of themselves combined with important business experiences early in their career.

Most top managers thougbt the reason for their success was being in the right place at the right time, fnllowed by hard work and acceptance of early responsibility.

The majority of the chief executives had tbe equlvalent of a university degree, a tertiary qualification, either professional or post-graduate, but interestingly, roughly one-tenth bad left school by the aga of 16 and, therefore, had no formal advanced education.

Practical work came out as a key factor in developing managers. The areas in whicb chief executives claimed most experience was in sales and marketing/PR, finance and accounting and production and construction control.

How Chief Executives Succeed, published by MCB Publications, 200, Keighley Road, Bradford, West Ynrks., price £5.75: Available from August.

Arnold Kransdorff

Nationale-Nederlanden

To holdars nf warrants antitling to bearer dapositary certificates representing shares in Nationale-Nederlanden N.V., established at Dalft (Natharlanda), and issued in conjunction with:

a) the US $ 30,000,000 8% debenture loan 1976 issued by Nationale-Naderlandan Finance Corporatinn (Curaçen) N.V., eslabliahed at Willemstad (Curaçao), and
b) tha ahara issua by Nationale-Nederlandan N.V. in 1978 with a nominal value of DFls 13,077,700.

As a result of the decision taken by Nationale-Nederlanden N.V.

a) to maka the final dividend for 1979, et DFls 3.00 per share, et the option of the shareholder, also payable in part, to the amount of DFls 1.80, in bearer dapositary certificates, out of ahare premium, to a nominel value of DFls 0.20, end
b) tn make to shareholders, per share of DFla 10 nnminal value, a distribution in shares, out of share premium, of DFls 1.00 nominal value,

the werrant exercise price has been reduced as per 30 May 1980 as fnllows:

- in respect of warrants issued in 1976 from DFls 108.20 to DFls 98.20 per certificate, and
- in respect of warrants issued in 1978 from DFls 123.50 to DFls 111.87 per certificate.

In consequenca of this reduction of the warrant exercise prices the number of bearer depositary certificates representing shares in Nationale-Nederlanden N.V. obtainable per warrant has been increased as per 30 May 1980 as followa:

a) in respect of warrants issued in 1976 to 12.219959 shares, and
b) in respect of warrants issued in 1978 to 11.1736837 shares.

Delft, 29 May 1980 The Executive Board

DCI

Excerpts from Chairman's Statement for the year ending 28th February 1980

PRE-TAX PROFITS OF £366,593
ACCUMULATED RESERVES OF £204,727
EARNINGS PER 10p SHARE OF 16.9p
NET ASSET VALUE PER 10p SHARE OF 45.5p

Mr. Allan Campbell Fraser, Group Chairman, states, "I believe that our 1980 report shows the Group's underlying strength beginning to emerge, and that considerable scope exists for realistic expectations of future growth".

Copies of tha Chairman's Statement are available from:
P.R. Department, D.C.I. (Hnldings) Ltd., Ingram House, 227 Ingram Street, Glasgow G1 1DA.

LOMBARD

The best that Europe can do

BY JONATHAN CARR

So the West Germans are ready to pay and the great Enropean budgetary crisis is over. That is the way it looks and it may seem churlish not to join in the cries of relief. But neither the apparent satisfaction of the British Government, nor the velvet tones of the Bonn Government spokesman as he discourses on European unity at a time of international crisis, should be allowed to cloud the reality. This has been a shaming experience, and the real crisis bas simply been postponed for another day.

Excellent case

Why shaming for Britain? Did Mrs. Margaret Thatcher not have an excellent case over "her hillion pounds," tha biggest net contribution to the EEC from one of its poorest members? Of course she did. But amid all the argument about the costs and absurdities of the Common Agricultural Policy, one half of the British position tends to be overlooked. Why are we one of the poorest members? Why is West Germany one of the richest—and therefore deemed a "natural net contributor"? Because we are not as competitive, not as efficient—hluntly not as good at making onr way in the world as the Germans are.

Can it really be Britain's natural role to go to others "cap in hand"—to use a phrase of Harold Wilson's on a topic about which he was particularly informed. As for those members of the *Labour Party* who suggested that Mrs. Tbatcher conld bave obtained even more money if she had been tougher—that is *rich*, coming from the masters of the British EEC "renegotiation" of the mid-1970s.

By comparison the Germans may appear to come out of it all with honour. Once again they bave produced a "aacrifice in the interests of Europe" and once again there bave been the *ritual* attacks on the CAP—"nonsense and folly" Herr Willy Brandt called it the other day. He says there must be reform—so does the Finance Minister, Herr Hans Matthoefer, so does the Economics Minister, Count Otto Lambsdorff (albeit in less pungent terms, since the Farm Minister, Herr Josef Ertl, is a party collaague).

But hack in 1974 a certain *Finance Minister* called Helmut Schmidt was fulminating about the "massive mis-allocation of economic resources" of the CAP—and what do we have today? An even more massive misallocation of these resources.

Of course, it must be hard for a coalition government where the Farm Minister is a member of the smaller, more-sensitive-partner party. Of course, it is recognised that a determined *drive* by Bonn for Reform would bring trouble with the French. But in that case let us hear less hot air about reform—until, of course, the CAP collapses under the weight of its contradictions in an enlarged EEC.

As for the German financial "sacrifice" for this settlement—it is true there is one, hut the size of it seems to have emerged at least partly by accident. Can it he that the German negotiator in Brussels, dazzled by the hrilliant Italian chairman of the Council and by (you may laugh) Britain'a will to compromise, went further than either his Chancellor or Finance Minister expected? Is such a bloomer possible in that auper-efficient Boun Government so widely admired? It can be—and it is. The German taxpayer will be picking up this particular bill — hut *Europe's taxpayers will* be financing the farm price settlement.

Olympian view

The French, it almost goes without saylng, were astonisbed by the tactics of the German negotiator. In their Olympian view too much was given away too soon to the British—and bad they been able to run the wbole show then naturally a much better result for the Continental members of the EEC would have emerged. It is at least worth mentioning that with their insistence on bigber farm prices, their demands for a sheepmeat regulation, their defiance of the European Court and their irritating self-righteousness they contributed to this crisis and have laid the groundwork for the next. Is this really the best Europe ean do? Alas — it really seems that it is.

Road go-ahead brings relief

BY ANTHONY MORETON

THE GOVERNMENT'S decision to go ahead with the north Devon link road announced yesterday, has brought great relief to this tucked-away part of England. In August much of the area around Barnstaple and Bideford will be downgraded *from development-* to intermediate-area status, a move which has led a lot of local companies to doubt whether the Gnvernment really appreciates the area's needs.

If the road plan, mnch mooted over the past few years, had been axed then there would have been great gloom. Now, there is likely to be an upsurge in confidence and hope that new companies might be attracted to the area, even though construction on most of the road will not begin before 1984 at the earliest.

Most people think of this part of Britain as a place for boliday-makers, farmers and the occasional firm selling tractors and barvesters. In fact, both Barnstaple and Bideford are thriving little industrial centres. Barnstaple has attracted more industry in the past decade and a *half* than *Plymouth,* a city 10 times its size. Bideford has Appledore, the flourishing shipbuilding concern which employs some 800 people.

It was the introduction of development-area status that did so much to create this prosperity though Devon county council played its part in providing sites, the largest of which was some 100-plus acres on the Pottington industrial estate in Barnstaple. That estate is now full, having attracted in companies as diverse as a torpedo manufacturer, a clothing manufacturer whose products go to Marks and Spencer, a shoe prodncer and a manufacturer of valves. The biggest concern is Alenco, which makes pipe couplings and employs over 400. Barnstaple bas succeeded in attracting medium-sized engineering firms and is mnch admired for its success.

AROUND BRITAIN

NORTH DEVON

If it and Bideford are to continue to expand, and to take advantage of the new road when it is completed, the over-riding necessity is to find new land for industrial expansion. The Whiddon valley estate, about 30 acrea in all, is being developed and is about two-thirds completed. This has attracted a pharmaceutical manufacturer and a concern from Germany, International Ball Screws.

The county has its eyes on other sites but negotiations are, inevitably, drawn out and they are to some extent conditional on the route of the road. The route is the key to much development in this part of the county. Nowhere is this more so than in Tiverton, the other part of north Devon where the *county envisages structural* change.

The county would like to find estates at or near junctions to the new roads. Snch sites would appeal to potential investors and reduce the pressure of heavy lorries on feeder roads.

The trouhle is that it will be some time before the actual route is determined. Both ends of the link road are fairly clearly defined; it is the hit in the middle tbat will be in donbt for some time. Stage 1 from junction 27 on the M5 to Tiverton has been through a public inquiry and the only point at issue now is how soon contracts can go out for the seven-mile section. It is envisaged that work will probably start in 1982 and be finisbed before the eod of 1984.

The last few miles into Barnstaple will almost certainly follow the route of a disused railway line redncing the likelihood of opposition at a pnblic inquiry. But for the remainder of the 38-mile route there is likely to be considerable controversy and a protracted inquiry, which could mean that the road will not be completed till the late 1980s.

Tiverton is the other main town *that will gain immeasurably* from the road. It has a long tradition of manufacturing; at one time the Heathcoat Amnry interests employed over 3,000 in the town, though that figure is now down to around 750.

Sonth Molton, the only other town of significance on the route, is really a small market town but it does have one or two manufacturing concerns which have pushed up local wage rates. Land is difficult tn obtain, but it is the shortage of labour which is the more serious constraint.

The one nther town that the *road could* help is Ilfracombe, where high unemployment helped to keep development-area status in the review undertaken last summar by Sir Keith Joseph, the Industry Minister.

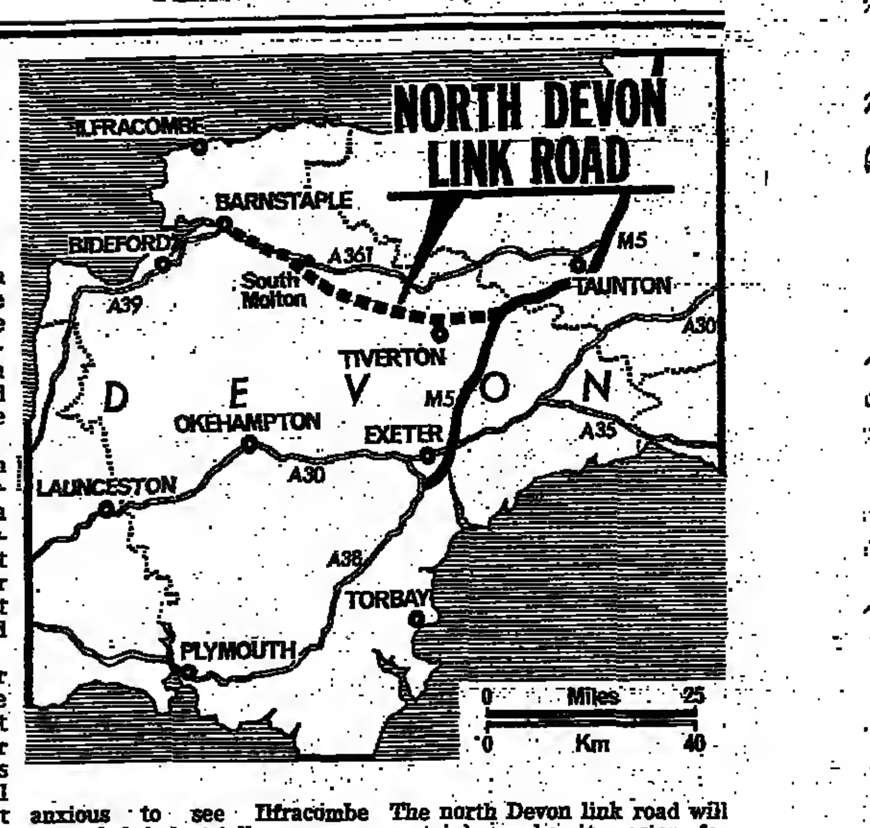
Ilfracombe's problem is the traditional one of seaside towns, that of seasonal unemployment. The town itself would like to bring in more industry but Devon has schednled the areas around Barnstaple and Tiverton for structural change and is not anxious to see Ilfracombe expanded industrially.

The county's solntion for the holiday town is to try to extend the season, a move *which* has had some success. Ilfracombe accounts for about a quarter of the hotel heds in Devon and is the county's second major holiday centre after Torbay.

In the county as a whole the season *was extended* between 1965 and 1976 from 11 to 13.2 weeks and the nnmber of visitors went np from 2.9m to 3.5m. It is estimated that by next year the season will be 15.2 weeks long and 3.9m holidaymakers will bave arrived.

The north Devon link road will certainly make it easier for tourists to get hoth to this part of Devon and further north on to Exmoor, hut with the number of beds available unlikely to change much the main benefit to the hotelier will be at either end of the aeason.

The main henefit of the announcement of the road, though, is in the confidence it *will instil. Employers* now know they will be able to get their goods to market more easily and they will make their investment decisions in the knowledge that the prosperity which has been created since the early 1960s will continue.



Spring Is Grey for Canada Day

RACING

BY DOMINIC WIGAN

IT IS Canada Day again this afternoon at Epsom, wbere Lester Piggott rides for five different trainera including Ireland's Michael Kauntze.

Piggott *has shown* yet again this week that, on Epsom Downs at any rate, the best of the yonnger riders, such as Willie Carson, still have plenty to learn from him, and he could well be in *for something of a* field day.

I particularly like the chances of Susarma, trained by Scobie Breasley for whom Piggott ia almost invariahly at his inimitable best, and the maiden Spring Is Grey, a filly ridden by Piggott for Luca Cumani.

The first to run from this pair is Susarma, among runners for the Canada House centenary sprint handicap, a five-furlong event for three-year-olds and upwards.

Although Ravi Tikkoo's sprinter, a grey half-brother to five winners in the U.S., has not quite lived up to my early-season bopes, he has been facing some formidable tasks on stiffer courses than may suit him.

There ls certainly no donbt that Susarma was seen at his most impressive bere on his seasonal débnt in the five-furlong Labroke Handicap. Brought with a sustained effort hy Piggott from the bottom of the hill, Susarma snatched the advantage a couple of strides out to peg hack Ferryman, to whom he was conceding 18 pounds.

I expect similar waiting tactics to be adopted this afternoon on the well-bought Tudor Grey four-year-old (a $32,000 yearling), who can make his pace tell.

For a filly baving only the second race of her life, Spring Is Grey put up one of the most creditable performances of the season io finishing a good third behind Dancing Shadow at Sandown last week.

Keeping on determinedly in that event, Spring Is Grey showed that she has progressed along the right lines since chasing home Carlyle and Triumphant in a modest maideo event over seven furlongs at Leicester.

EPSOM

2.00—Susarma***
2.35—Mt Whitney
3.10—Neparee*
3.40—Sparkling Lady
4.15—Hammering
4.50—Spring Is Grey**

TV Radio

† indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.00 Cricket: First Test—England v West Indies. 1.30 Camberwick Green. 1.45 News. 2.02 For Schools, Colleges. 2.25 Cricket: First Test (further commentaries). 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Baggy Pants and the Nitwits. 4.40 The Red Hand Gang. 5.10 In the Limelight with Lesley. 5.35 The Wombles.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 It's a Knockout.
7.50 Citizen Smith.
8.20 Ripping Yarns.
8.50 Points of View.
9.00 News.
9.25 "D-Day The Sixth Of June," starring Robert Taylor, Dana Wynter and Richard Todd.
11.10 Rosie (London and South-East only).
11.40 Regional, National News.
11.45 Starsky and Hntch.

All Regions as BBC 1 except as follows:—

Cymru/Wales — 1.30-1.45 pm Bys A Bawd. 4.45-5.10 Babol Bach. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.20-7.50 Plant Y Paith. 11.10 Week In Week Out. 12.00 News for Wales. 12.01-12.51 am Starsky and Hutch.

Scotland — 1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.10 The Beechgrove Garden. 11.40-11.45 Regional, National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.10 Causeway Folk. 11.40-11.45 Regional, National News. 12.35 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymonth). 11.10-11.40 East (Norwich) Weekend; Midlands (Birmingham) Straight Talk; North (Leeds) The Enemy Camp; North-East (Newcastle) Most Heroic; North-West (Manchester) Home Ground; South (Southampton) and South-West (Plymouth) Newswatch; West (Bristol) Movie Magic.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
11.25-12.00 Cricket: First Test—England v West Indies.
4.30 pm Cricket: First Test.
6.35 Open University.
7.00 The Colliers' Crusade.
7.30 Mid-evening News.
7.40 Gardeners' World.
8.05 Robbie.
8.35 Dance Month.
9.10 Sing Country.
9.50 Playhouse.
10.50 Newsnight.
11.30 Cricket: First Test (highlights).
†12.00 The Outer Limits.

LONDON

9.30 am Schools Programmes. 11.55 Beany and Cecil Cartoon. 12.00 Songbook. 12.10 pm Once Upon a Time. 12.30 The Special Child. 1.00 News, plus FT Index. 1.30 Thames News. 1.30 For Maddia With Love. 2.00 Houseparty. 2.25 Racing from Epsom (2.35, 3.10 and 3.40 races). 3.50 The Wild, Wild World of Animals. 4.15 Worzel Gummidge. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.30 Looks Familiar.
7.00 Winner Takes All.
7.30 The Other 'Arf.
8.00 Hawaii Five-O.
9.00 Turtle's Progress.
10.00 News.
10.30 Soap.
11.00 The London Programme.
11.45 Luke's Kingdom.
12.45 am Close: Personal Choice with Denise Coffey.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 3.50 The Electric Theatre Show. 6.16 A Sharp Intake of Breath. 8.00 About Anglia. 8.00 The Incredible Hulk. 10.30 Seven Days. 11.00 Friday Late Film: "*Berlin Affair.*" 12.45 am Your Music at Night.

ATV

1.20 pm ATV Newsdesk. 2.00 Houseparty. 3.50 Stars on Ice. 5.15 Laverne and Shirley. 8.00 ATV Today. 10.30 WKRP in Cincinnati. 11.00 ATV Newsdesk. 11.05 The Friday Film Fantastic: "Dr. Strange."

BORDER

1.20 pm Border News. 2.45 Houseparty. 3.15 Quiz Kids. 5.15 Fangface. 8.00 Lookaround Friday. 6.30 You're Only Young Twice. 8.00 The Incredible Hulk. 10.30 Leading Lady. 11.00 Friday Night Movie. 12.35 am Border News *Summary.*

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where, and Weather. 2.00 Houseparty. 3.50 Microwave Cooking. 6.00 Report at Six. 8.35 Ladies First. 8.00 Vegas. 10.28 Channel Late News. 10.36 Brown Study. 10.55 TV Movie Premiere: "Trial Run." 12.40 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.00 Houseparty. 3.50 Bill, Peggy, Royal and Friends. 6.00 North Tonight and Area Weather Forecast. 6.30 A *Sharp Intake of Breath.* 8.00 BJ and the Bear. 10.30 Reflections. †10.35 "The Twist," starring Bruce Dern and Ann-Margret. 12.25 am North Headlines and Road Report.

GRANADA

11.50 am The Bubblies. 1.20 pm Granada Reports. 2.00 Houseparty. 3.50 Survival. 5.15 Granada Reports. 6.00 Granada Reports. 8.35 Crossroads. 11.00 Public Office. 1.30 House of Horrors.

HTV

1.20 pm Report West Headlines. 2.00 Houseparty. 3.50 Stars on Ice. 5.15 Selwyn. 6.00 Report West. 8.30 Emmerdale Farm. 8.00 A Man Called Sloane. 10.35 Report Extra. 11.05 The Friday Film: "Footsteps In The Fog."

HTV Cymru/Wales—As HTV West/HTV General Service except: 10.48-11.08 Cymru A'r Mor. 11.55-12.10 pm Mister Clei. 1.20 Penawdeu Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Antur A Champ. 5.15-5.45 Breakers. 8.00 Y Dydd. 8.15-6.30 Report Wales. 10.35-11.05 Le Village, un Village.

SCOTTISH

1.20 pm News and Road and Weather. 2.00 Houseparty. 3.50 Kum Kum. 5.15 Mork and Mindy. 6.00 Scotland Today. 6.30 Emmerdale Farm. 8.00 Vegas. 10.30 Ways and Means. 11.00 Late Call. 11.10 Late Night Movie: "Alcatraz Express."

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 3.50 Stars on Ice. 5.15 Happy Days. 6.00 Day By Day. 6.00 Scene South-East (South-East area only). 6.30 Southern Report (Gatwick's *Terminal Problem*). 8.00 Streets of San Francisco. 10.35 Opinions Unlimited. 11.05 Soap. 11.35 The Late, Late Premiere: "The Fragrance Of Wild Flowers."

TYNE TEES

9.20 am The Good Word, followed by North-East News. 1.20 pm North-*East News* and *Lookaround.* 2.00 Houseparty. 5.15 Happy Days. 6.00 North-East News. 6.02 Sportstime. 6.30 Northern Life. 8.00 The Incredible Hulk. 10.30 North-East News. 10.32 Friday Live—Bringing up baby! What sort of a job are we making of preparing the next generation for tomorrow's world? 12.00 WKRP in Cincinnati. 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.00 Houseparty. 3.50 Fangface. 4.13 Ulster News Headlines. 5.15 Mork and Mindy. 6.00 Ulster Television News. 8.30 The Practice. 8.00 Vegas. 10.29 Ulster Weather. 10.30 Witness. 10.35 Friday Film: "The Culpepper Cattle Co." 12.15 am Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.00 *Houseparty.* 3.50 Microwave Cooking. 6.00 Westward Diary. 8.00 Vegas. 10.32 Westward Late News. 10.36 Sportsline. 10.55 *TV Movie Premiere:* "Trial Run." 12.40 am Faith For Life. 12.45 West Country Weather, Shipping Forecast.

YORKSHIRE

11.55 am The Bubbles. 1.20 pm Calendar News. 2.00 Houseparty. 3.45 The Allan Stewart Tapes. 5.15 Bailey's *Bird.* 6.00 *Calendar (Emley Moor and* Belmont editions). 8.35 Calendar Summer Sport. 8.00 The Incredible Hulk. 10.30 Bread In Concert. 11.15 The Friday Night Film: "The Hand Of Night."

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Paul Gambaccini. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

RADIO 3

...Week's Composer: Schumann (S). 10.00 Young Artists Recital (S). 10.55 A Haydn String Quartet (S). 11.25 Cricket: First Test—England v West Indies, including 1.35 pm News. 1.40 Call the Commentators. 2.00 Lunchtime Scoreboard. 6.40 Teresa Berganza sings Italian baroque songs. 8.55 Play It Again. 7.00 Holland Festival '80, part 1 (S). 7.55 Poetry Now. 8.20 Holland Festival '80, part 2 (S). 9.15 One Pair of Ears. 9.30 The English Ayrs (S). 10.00 A Telephone...

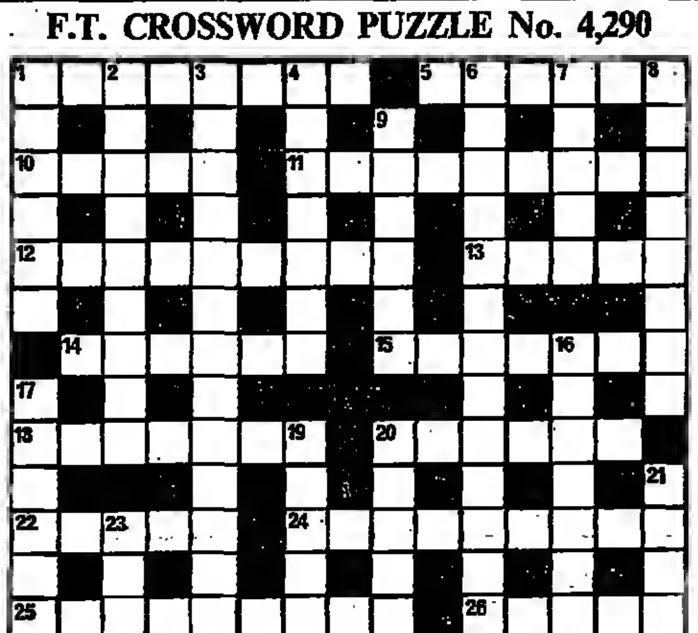
RADIO 4

...the Day. 6.35 Yesterday in Parliament. 8.59 *Continental Travel.* 9.00 News. 9.05 Desert Island Discs. 9.45 Down the Garden Path. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Real Evidence. 11.50 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre. 4.10 Aldeburgh's Affectionate Poet (tribute to William Ward). 4.40 Preview. 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World...

BBC Radio London

London Broadcasting

F.T. CROSSWORD PUZZLE No. 4,290



ACROSS

1 Disorderly gunshots like this would be extremely fast (8)
5 Agree when posted (6)
10 Disreputable and chary about notice (5)
11 Multiply and support a crowd (9)
12 Obsolete as the seed of the palm may be (3-2-4)
13 Mother embracing soldiers in vision (5)
14 Go lightly and stealthily with wrinkle to eastern leader (6)
15 Distress people in legal wrong (7)
18 Stop in front of opening (7)
20 Female providing help to males outside (6)
22 Behold soldier with article in Christian sayings (5)
24 Unnaturally sleepy and it could be the garlic (9)
25 Left a gronp of musicians playing short edition (9)
26 Angry, tbat ia, about rodent (5)
27 Look on permit for lace holder (6)
28 Magnificent like a member of royalty (8)

DOWN

1 Historically learning jndgment (6)
2 However, it could be the most foolish (9)
3 Knowing from the feel and get angry (3, 3, 3, 6)
4 Substitute salesman with decorative textile (7)
6 Process of making uniform—needed for mass-production (15)
7 Make prond European leader tardy (5)
8 Note about recluse prodncing welding material (8)
9 Powerful net raised in vessel (6)
16 Always giving pleasure to first of excursionists in lake (9)
17 Wise man accepts medicament, but it's a waste (8)
19 Special gift of money? (6)
20 One able to hit the bull also gives a game of dominoes (7)
21 Slightly mad ship's company in the borders of Surrey (6)
23 Eat just a scratch (5)

Solution to Puzzle No. 4,289

ENTERTAINMENT GUIDE

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THE ARTS

Cinema

Through the red glow by NIGEL ANDREWS

Angi Vera (A) Gate
Long Shot (AA) and
La Commare Secca (AA) Everyman, Hampstead
Forget Venice (X) Academy 2
All Quiet on the Western Front (A)

The first time I saw *Angi Vera*, by the Hungarian director Pal Gabor, it was unspooling at the San Sebastian Film Festival and I was straining to decode the film through a rain of wheezes and crackles as the English earphone translation tackled the twin mysteries of Hungarian dialogue and Spanish subtitles.

Not surprisingly I got lost and delivered a confused verdict. I took the film, with its story of a young girl — the title's Angi Vera — put unprotestingly through the Stalinist paces of a consciousness-raising school in 1948 Hungary, as an apologia for Marxist dogma rather than an attack on it. The movie's lovely amber glow seemed then like an enshrinement of those purblind doctrines, just as its stoic, adagio tempo seemed to abjure explicit satire.

But English subtitles work wonders. The film's portrait of Stalinist communism — and by implied extension *all* doctrinaire totalitarianism — is spiked from the beginning. Our heroine, mouse-faced and beautiful, is *picked for the school* after she makes an outspoken protest about conditions in the hospital where she works as a nurse. Promptly deemed to be the stuff that leaders are made of, she's shipped off to the said academy and thereby hangs the movie: a day-by-day chronicle of the ideological streamlining to which she's subjected, culminating in a crushingly ghastly "self-criticism" session, chaired by a visiting Stalinist apparatchik, in which everyone confesses everything and the final humiliating rinse is added to the term-long brainwash.

Gabor builds up a splendidly sardonic fresco of indoctrination, showing how carrot and stick are brandished in turn as dour seminars alternate with mid-term dances, and giggling midnight chats in the women's dormitory freeze by morning into stern scholastic solemnity.

Vera herself, beautifully played by Veronika Papp as a young innocent slowly sucked into the totalitarian system, strays from the straight-and-narrow only once, in a one-night affair with the married teacher with whom she's fallen in love. When the peccadillo is raked up in the self-criticism session, off goes the teacher to pastures new—possibly Siberian—and on to greater Marxist-Leninist heights goes the honest, sweet, and ever more tragically automated, Vera.

"Where is this new world?" says ona child of the Revolution *in the film*, as doubt briefly and healthily nibbles: "Everything is just the same as it was." With luck, Gabor's message will come through loud and clear for the Communist world in 1980 as well as 1948.

*

Well worth your pilgrimage to Hampstead is a beguiling new double-bill of black-and-white movies. *La Commare Secca* and *Long Shot* are yoked together at the Everyman, joining Bernardo Bertolucci's first film — made way back in pre-*Tango* 1962 and not seen in London before — with a cheerful, loose-limbed curio by British film-maker Maurice Hatton, who made *Praise Marx and Pass the Ammunition.*

Hatton's movie is an everyday tale of movie folk: the picaresquely fictionalised adventures of a British scriptwriter-producer duo (Neville Smith and Charlie Gormley) roaming the land — north and south of the Scottish border — in search of finance for their feature script about oil-rigs.

"Chapter" headings plucked as if from an 18th century novel punctuate the story—"Wherein fortune begins to smile." "On the *dangers* of *not looking* before one leaps" etc. — and guest stars wander in and out contributing wisdom and party-pieces. There's John Boorman *saying* he *might direct the film.* Susannah York saying sha *might* star in it, and Alan Bennett wheezing pedagogically as Smith's doctor. It's all a bit of a mess, and tends to droop over the edge of the screen, and looks as if it needed a lot more money. But then don't we all. And at least the film is funny and spry and educative. Praise Hatton and pass the hat round.

Bertolucci's debut movie would be identifiable as a Bertolucci movie from sixty paces wearing an eye-patch. The camera tracks and glides and ravishes the senses in this marvellously staged little morality-melodrama, which delves, in *shrewdly dovetailed sections*, into the lives of a half-dozen suspects rounded up in a park after a prostitute has been murdered. "Whodunnit?" doesn't matter so much as the reactions under inquisition of those who-didn't-do-it: the startled tissues of lies that suddenly start to be built by the wholly innocent. The result is like a Roman *Rashomon*: a filigree teaser about deceit and evasion that's filmed like a *trompe l'oeil* movie ballet. Rich and fascinating—sae it.

I wish Sr. Bertolucci would go and bite in the neck Sr. Franco Brusati, an Italian film-maker who badly needs some of the former's lyric fluency running through his veins. Brusati last gave us the choppy *Bread ond Chocolate*—half plangent pathos, half knock-kneed knock-about—and in *Forget Venice* that lumpen *visual* style rides again, jolting into incoherence a potentially enthralling script.

A family gathers. And what a family. Ex-opera-singer Marta (*Hella Petri*) *is* ailing and *will* soon die; her brother Nicky (Erland Josephson) rolls up for a reunion at her villa with his young male lover; her living-in *niece-in-law* (*Mariageola* Melato) is having a lesbian romance with a schoolteacher. (And the maid ia mad).

Italian drama, as you all know, is dotty about devious passions, and for a while it looks as if Brusati has just plugged into this cultural circuit to giva us a rickety roller-coaster ride through the *paysage* of the polymorphous-perverse. But as the movie progresses, a sad, serious urgency tries to burn through, and Brusati impressively builds the portrait of a too-close family whose children have become a kind of umbilical chain-gang. Pining for lost childhood, they wander through life looking for looking-glass images of themselves; in homosexuality, in *introspection*, *in* the sepia memories and mementoes of family life.

It's a theme full of poignancy and Freudian power, but visually Brusati just lets the movie trundle on, shunting over bad connections and sudden re-railiogs like a goods train during a signalmen's strike. His camera lumbers from point to point, photographing performances rather than creating a visual momentum, or an imaginative universe. "Style"—of which Bertolucci has lashings and Brusati next to none—is not a decorative excrescence but a movie's vital binder. It gives breath, rhythm and meaning and prevents a movie from being, as Brusati's are, sudden blobs of insight spaced between long stretches of blank celluloid.

*

There's worse, I fear, to come. *All Quiet on the Western Front* is a terminally torpid remake of Lewis Milestone's 1930 movie *classic* based on the novel by Erich Maria Remarque. Richard Thomas plays the young German marching off to the trenches in 1914 and keepiog his *life* and head while *all* around lose theirs, including the rosy-cheeked, pro *patria* schoolchums who volunteered with him.

Gobbits of Remarque's book are read out on the soundtrack while the movie illustrates them: here a rat-chasing scene in a dug-out, there a mud-crawling training session with barking corporal Ian Holm. Meanwhile, outside the war, Donald Pleasence wheezes and cackles as the jingoistic schoolmaster whose urgings made them all enlist and whom, in a brief and bitter leave, Thomas revisits. The film sprawls over 127 minntes with never a memorable image or a heart-stopping moment. The director was Delbert Mann, best known for his made-for-TV versions of literary classics (*Jane Eyre, David Copperfield*, etc.) and continuing that genius-filleting, Viewer's Digest tradition here.

A scene from La Commare Secca

Leonard Burt

Penelope Wilton and Anna Carteret

Olivier

Sisterly Feelings by B. A. YOUNG

There are four possible versions of Alan Ayckbourn's new piece. I've seen two, and can construct the others out of my head. The version in which Abigail and Simon go camping is 20 minutes longer than the version in which Simon competes in the cross-country, and it needs a blne peocil. Otherwise, I don't think it matters a bit which you see. They all proceed from the same *données* with perfect logic, they all finish the same, they are very funny, but with less of the compassion that we had in the last Ayckbourn or two.

The scene (by Alan Tagg) is a hilly bit of heath. Grass rises to a leafy summit beneath a black Martian sky. Footpaths cross in every direction. All we need to complete the scene is Peggy Ashcroft buried up to her middle in the ground, with her little bag of necessaries at her elbow.

Instead, we have Andrew Cruickshank leading his family from their mother's funeral to see where he proposed to her 28 years before. The family consists of two daughters, Abigail and Dorcas, and a young son, Melvyn, besides an uncle in the police and his wife. Abigail's husband is the rich, pompous Patrick5s Dorcas's lover the useless poet Stafford, and Melvyn is engaged to an apparently silly girl, Brenda, whose brother Simon is lately home from Africa.

I have to present this family album to have any hope of telling you what happens, though at least I need only tell you that in outline. Both girls falls instantly for Simon. At the end of the first scene, Patrick having driven off to a board meeting, one sister will hava to walk home with Simon. They toss for it. Here the several varieties begin to differ.

Perhaps in the next scene Dorcas secures Simon while Abigail is flying Melvyn's kite. Perhaps the other way round. The scene shows *a* picnic of characteristic horror, bnt it's not the same picnic for each version; Stafford may be complaining about his nut sandwiches, or he may not have been asked, and spies on his Dorcas with her new friend. Simon changes hands in the next scene, either during his gallant running in the *cross-country*, or after an attempt at a tented adultery, interrupted first by Uncle Len and the police, then, with unexpected nobility, by Patrick. *All the* original partnerships are ultimately restored, even Melvyn's silly girl Brenda proving to have financial acumen enough to start them in a toyshop.

This is a rich play, the characters subtly contrasted and drawn in convincing detail. Too often in the production (by the author and Christopher Morahan) I thought the business unnecessarily exaggerated. This is surely a comedy, not a farce.

But the company is strong. Mr. Cruickshank seems nearer and nearer senility as his character grows dottier; lolling in his deckchair at the picnic he might have just had a heart-attack. Penelope Wilton and Anna Carteret are his daughters, Miss Wilton the unwillingly smart Abigail, Miss Carteret much less smart as a local-radio announcer. Michael Gambon, whether champing on the sidelines as Patrick in one version or playing a convincing marital dispute in the other, is *all too* familiar a figure in the Home Counties; but Simon Callow goes too far in his efforts to make an idiot of Stafford. Stephen Moore, *slim and brown as an idealised* colonial settler, overturns all previous loyalties, and not surprisingly. Michael Bryant's policeman has all the bad *features of country policemen* faithfully reflected, none of the good.

Cecil Sharp House jubilee

The English Folk Dance and Song Society is celebrating the *jubilee of its headquarters*, Cecil Sharp House in Camden Town, this weekend. There will be a concert featuring the Watersons this evening, an all-*day folk-in* on *Saturday, with* a thanksgiving service and family concert on Sunday.

Queen's, Hornchurch

She's So Modern by MICHAEL COVENEY

Barrie Keeffe's heroine is a blonde, middle-aged do-gooder in Hornchurch who has started a movement for cleaning up the spiritual side of things by getting a television play banned by the BBC. A strong lina is needed as Mrs. Whitehouse has gone soft and Mrs. Prim arrives in the Bishop'a house with news of gang bangs in Harold Hill.

The one satirical idea in a disappointing evening is that of the moral reformists as hypocritical purveyors of sins they affect to despise. Pitted against them is the unlikely combination of a band rock singer, her Cockney uncle and a television playwright whose Barnsley reworking of tha Oedipus myth has been sacrificed on the zealous alter of the pnblic interest. Mrs. Stona has won to her cause a spurious military man and a lip-smacking local reporter whose hernia is worse than it seems.

All these elements form a suitable case for farcical treatment and ona can detect in the dying embers of Mr. Keeffe's ambition a neo-Jacobean intention previously manifested in his version of *A Mad World My Masters*. But the cartoon approach is not mined with sufficient richness in the early *stages* and the Ortonesque frenzy of a plot discovered in the throes of a sexual frame-up is woefully mismanaged in Paul Tomlinson's production.

Nor *is* it clear *in Charlotte* Cornwell's lead parformance at which point she really owns up to living a double life on the Soho side streets. The Bishop dies while being fellated by her in an adopted guise and the interval is heralded by the explosion of his pace-maker in the crematorium. On paper, this sounds good brutalist stuff, but yon cannot help feeling that the evening has missed its target by insisting that do-gooders crave participation in the allegedly enveloping miasma of pornography. Self-appointed guardians of morality exert a far more insidious infinence than that.

There is a stunning finale whera Miss Cornwell straddles her two worlds in a pounding rock number while victims of the aforesaid pornography attempt dolefully to hurl flowers into the auditorium while bound in straitjackets. At last, in a sort of phoney Nemesis, the play exerts pressure and grip.

Park Lane antiques fair

London ia to have another antiques fair. It is to be held from October 7-11 in the Park Lane Hotel, one of London's lesser known but one of its finest art deco buildings. To suit the surroundings the fair is accepting "antiques" up to 1930.

FOOD PRICE MOVEMENTS

	June 5 £	Week ago £	Week ago £
BACON			
Danish A.1 par ton	1,260	1,230	1,230
British A.1 per ton	1,230	1,200	1,200
Ulster A.1 per ton	1,230	1,200	1,200
BUTTER†			
NZ per 10 kg	15.50/15.63	15.50/15.63	15.50/15.63
English per 10 kg	—	—	—
Danish salted per 10 kg	19.42	19.43	19.43
CHEESE‡			
English cheddar	—	—	1,545
Irish cheddar	1,629.80	—	1,450/1,460
Danish cheddar	1,500	1,500	1,480
EGGS*			
Home produced:			
Size 4	3.60/3.80	—	—
Size 2	4.85/5.10	—	—
	June 5 p	Week ago p	Month ago p
BEEF			
Scottish killed sides ex-KKCF	67.0/72.0	67.0/73.0	69.0/74.0
Eire forequarters	44.0/48.0	—	49.0/53.0
LAMB			
English	—	59.0/74.0	—
NZ PLs/PMs	57.0/60.0	58.0/61.0	—
PORK			
All weights	38.0/50.50	38.0/50.0	41.0/50.0
POULTRY			
Oven-ready chickens	42.0/47.0	42.0/45.0	40.5/45.0

* London Egg Exchange price per 120 eggs. † Delivered.
‡ 20-kg rindless blocks delivered, per tonne.

New Theatre, Cardiff

Leipzig Opera by NICHOLAS KENYON

Welsh National Opera is currently in Germany, performing *Elektra, Ernani* and *The Turn of the Screw* in Berlin, Dresden and Leipzig. In exchange, Leipzig Opera is appearing here (in Cardiff and Birmingham: a season at Sadler's Wells had unfortunately to be cancelled) in Handel's *Serse* and Mozart's *La Clemenza di Tito*—or rather *Xerxes* and *Titus*, as they are respectively billed, since both are performed in German.

The connection between the two companies, I presume, is Joachim Herz, who directed WNO's *Madam Butterfly* in 1978 and was director of productions in Leipzig for some 16 years until 1976. It was his 1972 version of *Xerxes* that opened this tour. Leipzig has a fine Handel tradition, dating back to the mid-18th century when Johann Adam Hiller worked thera: in tha 1920s nnder Gustav Brecher, *Tomerlano* and *Alcino* were seen there. But the German proclivity for *improving* Handel apparently dies hard. This *Xerxes* is more faithful, more substantial, than the appalling 1924 Göttingen version which Peters published, but it still owes more to Herz, Horst Gurgal and Eginhard Röhlig (who are credited with this edition and translation) than it does to Handel and Nicolo Minato (who wrote the original libretto).

Herz realises that this opera is a comedy. Ha writes that he aimed "to uncover the opera's original fun. . . . Nothing happens that cannot already be found in Handel." The latter statement is a terminological inexactitude. Herz sets the tone of his prodnction in Xerxes' opening number (the famous *Largo*): Edgar Wählte, looking and behaving like Benny Hill with a bad script, lounges in a deck-chair, legs crossed, and slurps through his aria in a mood of drunken bonhomie. Throughout, we are invited to laugh at the music, not with it: lots of fun is derived from Ariodate telling the orchestra to be quiet while he delivers his cadenza; from Atalanta sporting a yo-yo during a ritornello; from a letter which is read out in a stage whisper during an aria by Xerxes; and from a large drop curtain which nearly traps half the cast under it at the opera's climax.

Some of the voices are strikin, especially Heidrun Halx's pert, well-projected Atalanta and Annelott Damm'a firmly articulated Amastris. Elisabeth Breul's eloquent Romilda had moments of beauty, and moments of strain. But so much is altered in the piece that it is difficult to appreciate the truly radical nature of Handel's design, *with its truncated arias*, its scenes bound together by little repeated fragments of music, its interruptd numbers, and its marvellous sense of dramatic *continuity*.

Horst Gluger conducts with an insistent pulse, encouraging the Leipzig Gewandhaus Orchestra to produce a thick, stringy sound. The chorus, effectively done out in masks and made to strike artificial poses, was surprisingly weak. Bernard Schröter's scenery pnts the seal on the evening: a long perspectived ramp leading back to an archway (with a curtain ceaselessly manipulated by a couple of harlequin figures) with odd bits of baroque decoration and plenty of rusty 20th-century machinery to produce balconies and stairs.

Old Vic

Steps, Notes and Squeaks

Dance is back at tha Old Vic, first home of our national ballet, our national opera, and our national theatre. But such is the passage of the years, and grander things to which the one-time incumbents of this stage are gone, that *the* dance *is now* educational: Maina Gielgud's instructive show, *Steps, Notes and Squeaks.*

She has though, called on one of the Old Guard, Sir Robert Helpmann, to work with her this week. (Guests for the next two weeks are Svetlana Beriosova, and then Anton Dolin, who will coach moments from *Sleeping Beauty* and *Giselle.*) Sir Robert is there to provide help with *Swan Lake*—he partnered Markova *in the vital 1934* staging for the Vic-Wells Ballet—and to talk a great deal of the finest sense about the need for dancers to understand and love *the art of classic mime.* "You must know what you are saying, and the public must know what you are saying."

Miss Gieglud is a lively and intelligent focus for the evening. She talks well, and has planned the interaction of various components very skilfully. Each evening a choreographer will create for her and her partner—Jonathan Kelly this week—and Wednesday's guest was Peter Darrell. Using ona of Prokofiev's *Visions Fugitives*, he set about making a duet with the greatest aplomb, and a ready wit, and—best proof of the matter in hand—made me eager to see *the finished piece.*

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Friday June 6 1980

Driving home oil savings

PRESIDENT CARTER has every right to feel aggrieved that Congress has blocked his proposed $4.62 a barrel levey on imported oil. The fee was to have encouraged energy savings where it really matters—among motorists. But it would also have had a wider significance.

The fee would have been a signal both to the Organisation of Petroleum exporting Countries and to the main consuming nations within the International Energy Agency that the U.S.—the world's major oil importer — was willing to toughen its energy conservation measures. Unfortunately, Congress failed to bite the bullet.

A lost card

The President has lost a negotiating card which be wanted to lay on the table at the economic summit of seven major Western industrial countries in Venice leter this month. There the summit leaders are expected to promise new efforts to reduce their oil imports.

Such pledges were given in Paris last month when ministers of IEA countries agreed to take action that would result in the group substantially undershooting its 1985 oil import target of 26.2m berrels a day, includig bukers. Agai President Carter failed to acbieve what be wanted: specified, stricter targets that would have made it easler for him to sell his import levy to Congress. Instead IEA ministers recognised the estimates of Agency officials wbicb sbowed that about 4m b/d might be trimmed from the 1985 import target. Against that potential saving, the conservation effect of President Carter's import fee is seen to have been extremely modest — amounting to a cut in U.S. imports of 100,000 b/d immediately and 250,000 b/d within a year.

But it would bave been a start, and a start in the right direction. President Carter planned to load the higher prices arising from the import fee solely on petrol sales. Petrol accounts for balf of U.S. oil consumption. It thus offers the greatest scope for savings. And yet repeatedly Congress bas backed away from raising the tax level on petrol which is among the cbeapest in the developed world. American petrol now costs around $1.25-$1.30 a gallon. Admittedly prices have risen sharply in the past year—but so have oil product prices everywhere. Allowing for differences in the size of U.S. and Imperial gallons the British motorist is paying the equivalent of about $2.50 e gallon at present.

Tax levels account for much of the difference; UK petrol—like petrol throughout Western Europe—is beavily taxed; the American motorist pays but a few cents in tax. Even President Carter's proposals would have added only a dime—10 cents—to the pump price. Many in the Congress have argued (usually in private) that effective measures would entall the imposition of an additional 50 cents in tax. That may be true, but a start has to be made somewhere.

American politicians bave shown that they prefer to follow than to lead public opinion, particularly in an election year. Unfortunately the pnblic is not well informed.

Nuclear power

To its credit Congress bas avoided the temptation to tamper with the decontrol of domestic oil prices—a process which will be completed in September, 1981—although politicians could never bave envisaged prices rising so qnickly. And it is backing converstion measures and the development of synthetic fuels and solar energy—much of which will be funded from the oil industry's windfall profits taxes. But much more needs to be done.

It must encourage more actively the speedy development of domestic coal and nuclear power. And it must take measures that will restrict oil imports in years to come.

No doubt some of those who refuge in both the difficult economic conditions and the latest import figures. In April the U.S. imported 6.7m b/d of crude oil and products as against 7.8m b/d last year. Much, perheps all, of this spectacular drop can be attributed to the recession and large stocks left over after a mild winter. What is not known, and wbat is disturbing Mr. Carter's Administration, is how effectively present energy saving measures will restrain the growth in oil imports when the U.S. comes out of the recession. More realistic petrol pricing would bave a lasting conservation effect.

Stability in road building

THE ACCENT in the Government's road-building programma, which was unveiled in a White Paper yesterday, is on stability. After suffering a cut of almost 50 per cent between 1975-76 and 1977-78, expenditure on new road construction is now to be maintained in real terms at around the level of the past three years. A decision simply to maintain the level of spending inherited from the previous government, and to fit in as many road schemes into this budget as possible, may not look like an inspired example of transport planning or cost benefit analysis. But in planning pnblic sector investment projects, stability and predictability are better than over-enthusiasm.

Gratitude

Obviously there will ba some disappointment among road users and in the construction industry that road building bas not been restored to its peak levels of the mid-1970s. But, below the ritual complaints, which are bound to be matched by moaning from the less powerful, but equally vocal, anti-road lobby, there should be an undertone of gratitude for the Government's apparent recognition of the need for a stable and realistic programme.

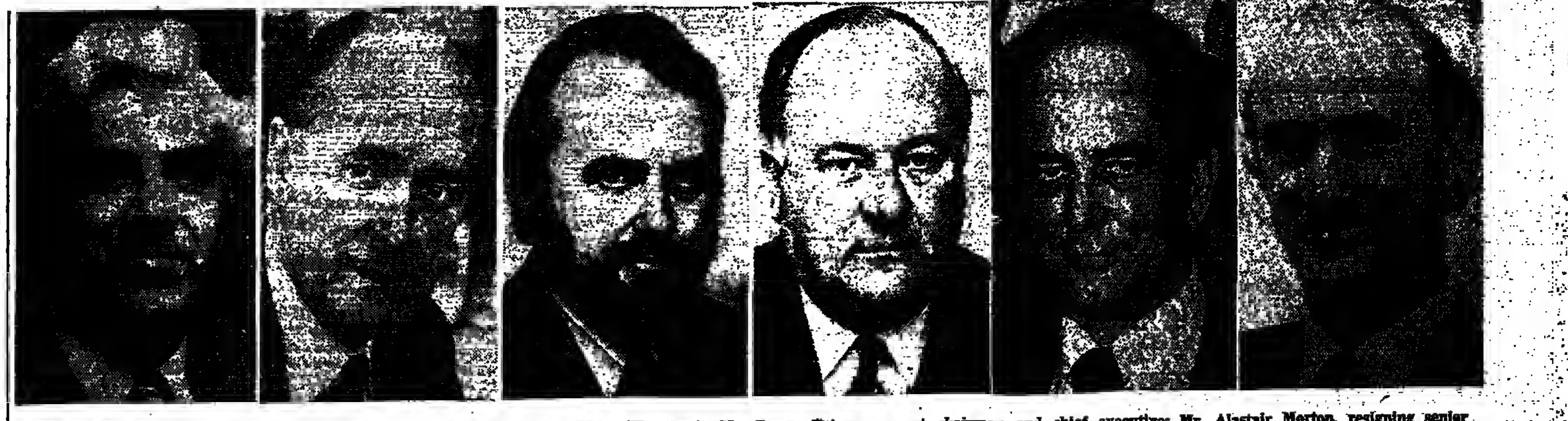
The Government's priorities have been clearly stated and are sound: the main task is to fill in the gaps and eliminate the bottlenecks in Britain's already extensive network of motorways and trunk roads. This will maximise the benefits from the vast investment in existing trunk roads. Most importantly, the London orbital road and the main roads from the Midlands to the ports are to be completed. As a second priority, smaller bypass schemes will be undertaken to reduce the damage dona to historic towns and villages as a result.

The Government's realism is political as well as economic. Although a number of vital and urgent schemes, including the Birmingham to Oxford motorway and the extension of London's North Circular Road through the docklands, have been put off until after 1984, the Government's contention is that these roads are not being "beld up for lack of resources," but because of tbe inevitable delays in planning. Previous administrations consistently underestimated planning problems and consequently rarely fulfilled their road building promises.

It is certainly arguable that the present planning procedures are too cumbersome and time consuming and that the Government sbould take action to streamline them. A major road now takes between seven to ten years to plan, compared with the two to three years required for construction. But in the meantime it is sensible for the Government's programme to take account of the delays imposed by the present legal framework. Greater concentration of the Government's political and legal, as well as its economic, resources on the achievement of more modest road-building targets sbould assist both the construction industry and the Treasury in their financial planning. It will also reduce the uncertainty which now blights many areas affected by the possibility of road construction. Having laid out its priorities, the Government sbould now stick to them as far as possible, even in the face of local opposition.

Railways

It sbould also resist the temptation to cut the finance available for road building if it decides on further public spending reductions. Capital spending has already been allowed to fall too far as a proportion of total public expenditure. There may be arguments abont wbether the Government has been overgenerous towards roads, in comparison with its treatment of other forms of capital expenditure, such as investment in the nationalised industries and in housing. The railways in particular have been treated very harshly in the Government's plans, which have imposed a cut of 21 per cent in investment despite the imminence of a re-equipment bulge as postwar rolling stock reaches obsolescence. Bnt this is an argument for greater stringency in current government spending, rather than for redncing road building. Britain needs an efficient, modern and reasonably complete road system, and the Government's plans should within the next ten years provide this.



Men at the top at BNOC (left to right): Mr. Ian Clark, head of BNOC (Ventures); Mr. Ronny Utiger, present chairman and chief executive; Mr. Alastair Morton, resigning senior chief executive; Mr. Philip Shelbourne, chairman designate; Mr. Malcolm Ford, head of BNOC (Development) and Mr. Jerry Evans, "arch-administrator."

Sound of gunfire at BNOC

BY RAY DAFTER, ENERGY EDITOR

WHEN Mr. Alastair Morton announced that be was resigning as a senior executive director of British National Oil Corporation be did so in the manner of an angry prospector backing out of a Gold Rush saloon bar. The verbal sbots went winging around the oil industry.

The resignation and comments last Friday were prompted by the Government's appointment of merchant banker Mr. Philip Shelbourne as the new chairman of BNOC. Mr. Morton was angry not only because it was known he did not see eye-to-eye with Mr. Shelbourne but also because he had first learned of his new boss through newspapers. The shots rang out.

"It was a bad appointment, badly made," be fired. "It makes you wonder bow this Government expects to get good management in the public sector if it behaves in this way.

"The Prime Minister should realise that you cannot put together the management of major industrial corporations in the way you choose party political leaders."

Then, as a passing shot, be lamented: "I am very sad to be leaving an outstanding and successful team that I have been deeply involved in building up."

The comments have caused wry smiles among some of the hard-bitten oil men working in the private sector. In the past they have been keen to portray the state corporation as something of a reoegade organisation with a management structure cobbled together and lacking real oil industry expertise.

Such remarks partly reflected the private sector's concern about privileges which were beaped on BNOC by the former Energy Secretary, Mr. Anthony Wedgwood Benn. The corporation was authorised to apply for drilling licences whenever and wherever it wanted; it was given first refusal on any deal that involved cbanges in licence coosortia; it was given an automatic seat on all offshore operating comittees, and thus access to most of the data; it was exempted from paying Petroleum Revenue Tax and allowed to draw on funds from the National Oil Account; and it was given a statutory role of Government adviser.

Now that these privileges bave been stripped away by the present Administration, private companies have become far less hostile to the Corporetion. BNOC is now mnch more readily accepted as a substantial and tecbnically-competent partner in the North Sea venture. No one can deny the corporation its importance and influence.

Today, only four and a half years after its creation, BNOC is bandling around two-thirds of all the oil prodnced on the UK Continental Sbelf. Its share this year should amount to around 1.2m barrels a day—crude worth over £6.5bn during 1980, judging by current prices.

As a result of its dominant trading position BNOC inevitably finds itself in the position of price-setter. Price increases this year sbould boost the corporation's pre-tax profits to over £300m as against £75m in 1979. Within the next two or three years BNOC could be seeing annual pre-tax returns of over £1bn.

Apart from being a major oil trader BNOC is also one of the most active North Sea companies in terms of exploration and development; so far it has been involved in about 100 exploration and eppraisal wells. This year its capital expenditure should exceed £300m.

Wry smiles among some hard-bitten oil men in the private sector

BNOC also has around 18 per cent of the licensed acreage on the UK Continental Shelf—more than any other company. It is the operating company for three fields—Thistle, Beatrice and the just named block 30/17b, Clyde, which is about to be exploited. In addition it bas an equity stake in six other commercial oil fields—Ninian, Murchison, Dunlin, Statfjord, Brae and Hutton—and one gas field, Viking.

This catalogue of achievemeots indicates the prodigious growth of this precocious young oil company. It was not so long ago that one of the oil majors complained it was having to sit BNOC on its lap and teach it the oil business. Today the corporation could swallow all but the biggest companies involved in North Sea oil.

The fact that BNOC is where it is today is largely due to the energy and foresight of the first chairman and chief executive, Lord Kearton. He gathered together executives from various businesses and industries and bulldozed BNOC into its dominant position. At his farewell cocktail party last year he told the management team that perhaps the time bad arrived for a more ordered, structured existence.

The corporation always has been—and will probably continue to be—a political football, featuring in the policies of whichever Government is in power. Thus it was forced to set up its headquarters in Glasgow for the same sort of reasons that might encourage tha Port of London Authority to move to Wolverbampton. Glasgow may not have bad any real oil connections but it did have unemployment and a significant Scottish political vote.

For its part the Conservative Government is considering ways to restructure BNOC. Mr. David Howell, Energy Secretary, bas said that be wants to introduce private capital into the organisation—or at least give the public a chance to have a stake in its wealth.

Pushed and pulled by Cabinet colleagues from Downing Street, the Treasury, and the Foreign Office, Mr. Howell is still egonising about how this should be done. Part of BNOC may be put into private hands through the issue of shares. The Energy Secretary has said that he sees no overriding reason wby the corporation's operations side sbould remain wholly in state hands, a philosophical view shared by many of bis Conservative colleagues. He concedes, however, that BNOC's oil trading arm should remain state-owned in the national interest.

Under this scheme BNOC would probably be split into two: a part state-owned company (like Britisb Petroleum) engaged in exploration and production, and a wbolly nationalised trading operation.

BNOC's management team bas made it clear to Mr. Howell that it is against such e move. It wants the corporation to be retained as a fully-integrated state-owned entity.

What has still to emerge in this whole debate is the significance of Mr. Sbelbourne's appointment. As chairman of bankers Samuel Montagu, Mr. Shelbourne has been advising Mr. Howell on ways to inject private capital into BNOC. Mr. Shelbourne is making no public pronouncements until be takes over as head of BNOC on July 1.

Indecision and uncertainties are clearly playing on BNOC's mind. Even so, the present chairman and chief executive, Mr. Ronny Utiger, believes that "the management structure of the corporation is now very soundly based and sufficiently solid to withstand any shocks that come along."

Mr. Morton's resignation was perhaps the first shock. He is generally acknowledged as the financial brains of the outfit, the architect of an $825m international loan scheme which—thanks to moving exchange rates—has benefited the corporation at virtually no cost.

Almost as significant a resignation bad hit BNOC earlier. Without any ballyboo Mr. Dick Fowle, the corporation's director of exploration, left in April to become exploration manager of London and Scottish Marine Oil.

The corporation's management committee — the real power house—wears a coat of many colours and origins, in stark contrast to the management boards of private oil companies which are generally steeped in their own individual company traditions.

The chairman and chief executive (for the time being) is Mr. Utiger, head of British Aluminium. One of his main functions at BNOC has been to create the more ordered management structure that Lord Kearton had advocated. Behind him stand three other main Board members, each with their executive responsibilities: Mr. Morton, who is to leave after a hand-over period, Mr. Ian Clark and Mr. Malcolm Ford.

The prodigious growth of this precocious young oil company

Mr. Morton, a BNOC executive almost since the beginning was recruited by Lord Kearton from the City as an ambitious young banker (he is now aged 42). Lord Kearton saw Mr. Morton as e potential chief executive. As chairman of BNOC (Trading)—the supply and trading side of the corporation—and executive responsible for finance, personnel and management services, be was regarded as the obvious candidate for chief executive of any trading company established by the Government. He felt, however, be could not work with Mr. Shelbourne.

Mr. Clark was another early BNOC recruit. He had previously earned himself a repntation as a tough negotiator when, as chief executive of the Shetland Islands Council, he had sought compensation for the islanders from oil companies wanting to build the big Sullom Voe oil terminal.

During Lord Kearton's reign be kept a surprisingly low profile. Under Mr. Utiger he has acquired a more definite role, as head of BNOC (Ventures). This group handles all the offshore interests in which BNOC is not the operator. Because of state participation and other Government measures, these venture projects account for a far higher proportion of BNOC's overall business than is normally the case in oil companies. Over two-thirds of BNOC's investment and revenue is tied np in these projects.

The other Board member is a real oil man—Mr. Ford, e recent recruit from the Royal Dutch/Sbell Gronp where he was deputy managing director of Shell UK Exploration and Production. As chairman of BNOC (Development) Mr. Ford has responsibility for the corporation's own exploration and development operations.

There remains one other member of the management committee, Mr. Jerry Evans, a managing director responsible for corporate policy development and international ventures. Regarded as the arch-administrator in the organisation, be has been with BNOC from day one. As a senior civil servant with the Energy Department he was secretary of the organising committee set np in 1975 with a view to BNOC's establishment.

There can be no dispnte that the team, with the exception of Mr. Ford, has limited oil industry experience, but — a fact often overlooked by the public and industry critics — it is backed up by experienced oil technologies. People like Mr. Don Shimmon, managing director of BNOC (Development) who has headed the Thistle Field development project since the discovery was made in 1973. An American oil man, Mr. Shimmon was with Signal Oil and Gas when it was acquired by Burmah in 1974. He moved into BNOC when most of Burmah's North Sea interests were bonght by the state corporation e few years later.

The other Board member is a real oil man

Managing director of BNOC (Ventures) is Mr. Iqbal Shoaib, e Pakistani by birth, who has been in the oil business for 25 years. Mr. Sboaib, a shrewd, likeable man with a good sense of humour, is another former Burmah executive captured in the take overs.

Then there is Mr. Ian Goskirk, a crisply dressed man, who is general manager for supply and trading. He joined BNOC in 1976 having worked for Shell International in North and South America. He has been at tha sharp end of BNOC's rapidly growing trading activities and has been largely responsible for confounding early critics who doubted whether a new oil company could handle efficiently and profitably the large trading volumes that were envisaged.

The past four and a half years bave not been easy for the BNOC staff. The undertaking's corporate identity and spirit may still be hard to define—at least, for an outsider—but this is bardly surprising wben objectives are being constantly shifted and questioned by politicians. Even so, the corporation has won for itself an important position in the UK offshore oil industry, without dropping too many major clangers along the way. It deserves an early Government decision on its future structure and it has the right to ask for a period of stability thereafter.

MEN AND MATTERS

New face in male hunt

Everyone was so distracted by the Law Lord's ruling yesterday that Granada may appeal to the House of Lords against the order thta it name its British Steel "mole," that few noticed a new face in the TV company's legal squad. Bnt there, large as life, sat Patrick Neill, QC, distinguished lawyer . . . and president of the Press Council.

Fleet Street's arbiter joins Alexander Irvine, QC, whose stout defence of the rights of the media fell on largely deaf ears in the High Court and the Court of Appeal.

Yesterday Neill did not have a chance to get into his stride. Hardly had be begun Granada's plea to be allowed to appeal, than Lord Diplock chipped in to note that, since "at first blush," the case appeared to be one of considerable public importance, Leonard Hoffman, QC, for Britisb Steel, should say why Granada should not be given leave.

Hoffman's complaint that until they knew who the "mole" was the BSC's "bigh officers" could not take important decisions "because they do not know who to trust," did not get him anywhere.

"Judging by your low marks in maths I think your only hope is the Inland Revenue."

Knights' clash

Break out the indigestion tablets . . . I fear that two important and bulky reports on the conduct of City affairs are threatening to appear in the same week, if not on the same day.

Sir Harold Wilson's study on City institutions (500,000 words) is expected out on June 25. The date appears to come uncomfortably close to that being considered at Lloyd's of London, which is preparing to hit the streets with its wn 200-pager on self-regulation.

Word is that the 16-strong ruling committee of Lloyds is even now closeted in the London Hilton compiling its obiter dicta to be appended to the findings of Sir Henry Fisher and his team. In fairness to all, the solution would appear to be a polite "after you, Sir Harold."

In love again

The engineer who fell in love with the Post office tower ten years ago has lately grown enamoured of the clock tower of the Palace of Westminster; Big Ben to you.

Followers of this column may remember my recent meotion of Colin Rayne, who sold three precision working models of the Post Office tower—one to the Post Office for £1,000—and won wide praise for his skills. Encouraged by the success, he has spent his time since clambering around the innards and examining the original blueprints of Big Ben. The object: to produce 150 miniature replicas in brass for sale to the well-heeled at £1,500 apiece for the basic model and even more for his gold- and silver-plated versions. The price is high, b eexplains, because of four months' research, and two months' work on the prototype.

"To strike and band-finish the 150 will take me about a year," Rayne says.

Shrinking Big Ben to desk-top proportions, however, is full of problems. "I am still working on the chimes. Most tape recorders are too big. And the Britisb horological trade could not make me a movement to fit,' be edds opologetically, "so the clock will run from a quartz movement from Japan."

Package deals

While Grub Street ethics demand that dog does not eat dog, I am surely allowed a nibble at the following dog's breakfast found in the business columns of a Greek newspaper by Anthony Cook, general manager of Atlas Hellenic Insurance in Atheos. The occasion was the visit of Bank of England Governor, Gordon Richardson to the Greek capital to discuss trade in "invisibles."

"This trade," the inventive correspoodent writes, "consists mainly of small quantities of goods dispatched in the form of small parcels to private persons aod not to traders, the contents of which parcels are never registered at the Chamber of Commerce and Industry and therefore change bands outside the control of the cbambers on both sides."

Getting a little closer to the mark, the writer explains the presence of City insurance men in the Ricbardson party with the observation that "the dispatch of these parcels is usually insured"

Fancied Finn

It's all rather like the Miss World contest without the girls. Brussels is buzzing. Rumours fly, odds see-saw and the line-up is overcome with bashfulness as the pundits guess at the man most likely to succeed Roy Jenkins as president of the European Commission.

The sheep and the goats have been under scrutiny for some time now, however, and in Venice next week, the EEC heads of government are expected to announce the winner. So far, there has been only one dclared candidate, Finn Olav Gundelach, the agriculture commissioner.

The man himself has apparently been re-assessing his chances ovar tha past few days. In Parma earlier this week, he appeared to hold out little bope and confided that be expected to keep his present job in the political farmyard for the next four years.

Yesterday, bowever, be was clearly more optimistic. "I am willing to be president if asked," be conceded modestly, "and from what people around me were saying in Parma, I bave more of a chance than I previously thought."

He was, after all, still Denmark's official candidate for the job. Suggestions that he was no longer a serious contender bad embarrassed him before his government, though, he added, they did not embarrass him personally. "There are points against me. They say I am too kind to third (that is non-EEC) countries, though I would bave thought this would be in my favour.

Diggers' double

The Australians' obsession with egalitarianism is all well and good, hut this time, I feel, they have gone too far. My correspondent from beyond the black stump reports that the Victoria State bookie, the Totalisator Agency Board, selected as the first leg for its Derby Double the beginners' handicap at Mildura trotting races. There, I am told, punters with 50p on the combination of Katie Mulhulland (handicap: one two-wheeled cart) and Henhlt collected £24.80p. It could have been worse, bowever. I understand the choice of a first-leg race lay between the Mildura trotting and the Bendigo dogs.

Observer

Time for Britain to play the energy card

WHEN THE Tories took Britain off the gold standard in 1931, Miss Margaret Bondfield, a former Labour Minister, is said to have remarked: "Nobody told us we could do that."

The Tories have done it again. The Common Market settlement is better than anyone expected even the night before the final negotiations in Brussels last week. Like the Rhodesia settlement, it stems from a willingness to take risks that one somehow never associates with the Labour Party.

It is possible to pick holes in the Government's approach. It is not clear that the Brussels agreement is so significantly better than the package offered in Luxembourg in April as to have justified rejection of the latter and the risk of an outright confrontation. It may also be relevant that the final settlement was reached by foreign ministers, meeting throughout the night as they used to do in the old days of the Community, and not by heads of government. Mrs. Thatcher's absence at the end was probably a blessing.

The fact remains, however, that it is unlikely that such a settlement would have been reached if the Prime Minister had not been prepared to go to the brink. Congratulations are in order, even if one must admit to having felt tremors along the way.

The question now arises of what happens next. For the Brussels agreement is by its nature only an interim solution. Britain has come down from being the largest net contributor to the Community budget to being the second largest. She remains the third poorest member. The arrangements after 1981 are uncertain. The common agricultural policy is basically unreformed and all that has happened on fishing is that a deadline has been set for reaching a settlement. Moreover, membership of the Community appears to be distinctly unpopular in the country at large.

Anyone who doubts the latter point should consult a comprehensive public opinion poll conducted by Gallup for the Sunday Telegraph in April. There is now only one set of issues on which more people think membership is beneficial to Britain rather than the reverse, and that concerns defence and external relations. Even there the number has fallen sharply since the Common Market referendum in 1975. Five years ago, for example, 52 per cent of those polled thought that membership gave Britain a

Britain has most to gain from an EEC common energy policy

better position in the world, while 20 per cent thought the position would be better outside. In April the figures were 33 and 31 per cent respectively.

On every other subject more people thought that Britain would be better off outside the Community than in. The issues included prices, wages, the level of taxation and employment and the general standard of living. On the question of how people would vote in a new referendum, 59 per cent said they would choose to get out and only 27 per cent to stay in.

It seems unlikely that these views will change substantially overnight merely because there has been a budget rebate.

The Government's task, therefore, is to use the next two years or so to show that British membership works. It will have to do so against the strong possibility that the Labour Party will come out in favour if not of total withdrawal, then at least of something very close to it.

Here are a few random suggestions:

The fundamental problem is that Britain has no obvious material or emotional stake in the Community with which the British people can easily identify. The French have the common agricultural policy and Franco-German unity. The Germans have a wider market for their industrial goods and a respectability for their foreign and economic policy aims that might have been denied them if there had been no Common Market. The smaller members have the benefit of belonging to a larger economic and political grouping.

Only Italy is like Britain, belonging to the Community but with few obvious rewards and no obvious role to play. That is why the Italians have been so anxious to maintain British membership. They want a counterpart to the Franco-German relationship.

The British Government must establish an identifiable stake in the Community, with which its citizens can associate themselves. The most promising area is energy. Britain is unique in the Community in having oil, gas and coal as well as nuclear technology. If there were a common energy policy based on one of the principles of the common agricultural policy—namely a levy on imports from third countries—Britain would be the major beneficiary. The budgetary imbalance would disappear overnight.

At the very least, the energy card should now be played. It may not be quite as strong as the rest of the Community believes, but it is still the best card we have and energy is one of the Community's most pressing problems

There are other, related possibilities, one of them being research and development. The Brussels Commission has been going on about this for years: for instance, in aerospace. But there is still no identifiable European R and D Community. The Government should push for it and seek to have it sited in Britain.

Regional and social policies may be unpalatable to Mrs. Thatcher's Conservatives as smacking of subsidies, though it is notable that her Government has not turned them down when offered. There are areas where they could be politically and economically advantageous. Merseyside, South Wales and parts of Scotland come to mind. But the best example is Ulster.

If the call by Mr. Charles Haughey, the Irish Prime Minister, for an Anglo-Irish approach to the Northern Ireland problem could be backed up by Community investment, we might be well on the way to a solution. It was, after all, membership of the Community which gave Ireland confidence and relative affluence. The Community approach could be applied to the north.

The essential point would be openly to acknowledge any investment help from Europe rather than grudgingly to play it down. The Community must become more visible. Curiously enough, the trades unions here may be ahead of the Government. It is they, rather than Mrs. Thatcher, who have gone to Brussels to seek help for the declining regions. The Government, too, might now learn how to use the Community institutions and to advertise their benefits. There must be certain attractions for the Tories in having the unions pro-Europe.

Returning, however, to the world of Lord Carrington, there are also potential foreign policy gains. Political Co-operation in Europe (known in the trade as Poco) is still largely uninstitutionalised. It takes place outside the Treaty of Rome. Yet in recent years it is perhaps the Community's major achievement, appreciated as much by Mr. Callaghan when he was Prime Minister as by the French who were once sceptical of it.

It is time to go public and recognise Political Co-operation as an open treaty between European countries which share common interests. The alternative is the continuation of an undeclared Franco-German hegemony. The British Government should now be thinking of ways of turning Poco into a more formal organisation. At present, we have an arrangement from which those involved rightly say that we benefit, but which few people know anything about, including the House of Commons.

So much for the Government side. For the first time since Britain entered the Community, there is an opportunity to behave as a full and enthusiastic member negotiating from within. But the time is limited because of the likely behaviour of the Labour Party and because of the need to win over public opinion before a general election approaches.

Labour's position on Europe is complicated by uncertainties about what is to happen to the party's constitution and who will succeed Mr. Callaghan as leader and when. Yet whatever the outcome of those battles, it seems improbable that the party will easily accept membership of the Community on present terms.

If Mr. Anthony Wedgwood Benn and his supporters succeed at the annual conference in October in making conference decisions binding on the parliamentary party, the next step will almost certainly be a demand to withdraw from Europe. If they fail, they are likely to seek to hedge membership with conditions that are almost impossible to fulfil.

Nor is it only Mr. Benn. Two possible candidates for the succession to Mr. Callaghan—Mr. Peter Shore and Mr. John Silkin—are basically against membership except on terms that would be unacceptable to the rest of the Community. Indeed, Mr. Silkin came out in favour of withdrawal yesterday.

The assumption in Mr. Callaghan's camp this week is that Mr. Benn's demands for reform of the party organisation will be defeated by the unions. In that case, there are only two possible Labour leaders in the next few years: Mr. Callaghan himself or Mr. Denis Healey. One might add Mr. Roy Hattersley as an outside bet in the event of Mr. Callaghan delaying his resignation too long or something happening to Mr. Healey. But all three would be basically pro-Europe and likely to resist demands to take Britain out.

The problem is that the conviction is not all that strong and that there will be all sorts of party pressures to weaken it still further. It is also true that it is much easier to think of reasons why Britain should not withdraw from Europe than to put the positive case for staying in. The likelihood is that Labour will attach yet new conditions to membership and seek what amounts to another renegotiation.

One's own view, for what it is worth, is that Mr. Callaghan will probably go in the autumn and that Mr. Healey will probably succeed him. Yet on Europe the onus remains on the Tories. They have won better terms. They must now have the daring to exploit them.

Meanwhile, no-one should underestimate the underlying nationalist streak in this country. It was the same Tories who cheered the Brussels agreement who, a few weeks before, had cheered the rejection of the not vastly dissimilar Luxembourg offer.

Malcolm Rutherford

Terry Kirk

Two pipe-smoking contenders (besides Mr. Benn) for the Labour leadership are none-too-keen on the EEC: Mr. Peter Shore (left) and Mr. John Silkin at the party's special congress, at Wembley, London, last week.

Letters to the Editor

Business names

From Mr. R. B. Selwyn.

Sir,—Your readers are probably aware of the proposals contained in the recently issued Department of Trade Consultative Document relating to the Registry of Business Names.

In brief it is proposed to repeal the Registration of Business Names Act 1916 and along with this, abolish the Register of Business Names, and "introduce a new statutory requirement for businesses to display relevant information at business premises and on business documents."

While there has been much published adverse comment from the business community regarding abolition of the register, concern has been lessened because it became known that certain private commercial organisations were prepared to take over and administer the register so providing continuation of this invaluable business asset.

However, from correspondence with the Companies Registration Office it has now become clear that the Government "is not prepared to contemplate a statutory requirement for businesses to deliver information to a private register or to license such a register to carry on the existing statutory functions."

Without any obligation at all on the part of businesses to register their trading names, we view a very serious and unsatisfactory situation developing, full of potential conflict and uncertainty. We strongly urge those members of business and commerce most likely to be affected by the abolition—the financial and banking communities, the accountancy and law professions, etc., to make their views known to the Registrar of Companies without delay. Comments must be received by the Department of Trade, Room 3.48, Companies House, Cardiff, no later than June 30, 1980.

R. B. Selwyn,
Director,
Microinfo, PO Box 3,
Newman Lane, Alton,
Hampshire.

Company registration

From the Registrar of Companies in England and Wales

Sir,—I would be grateful if, following the advice given in the Business Problems Column of your issue of May 27, you would again draw to the attention of your readers my readiness to take action to strike a company off the register under Section 353 of the Companies Act 1948 when it is no longer in business or in operation. A simple request to take such action will result in a far speedier dissolution of the company than would be achieved if it did no more than fail to file annual returns and ignored subsequent letters of reminder.

D. B. Nottage.
Companies House,
Crown Way,
Maindy, Cardiff.

Question of priorities

From Mr. J. D. Sutherland

Sir,—You reported yesterday that the BBC had axed five orchestras because it could not afford them. How, then, can they justify employing three commentators for cricket matches, panels at half-time during football internationals (when the viewers would far prefer to watch the massed bands), or the troupe they sent out to the West Indies to explain the lunatic behaviour of alleged super stars?

Outside broadcasting, in particular, suffers from profligate waste at all levels, but presumably the BBC mandarins justify it all because sport appeals to the masses, while classical music is a relatively minority cult.

J. D. Sutherland.
41 Westella Way,
Kirkella, N. Humberside.

Value for money

From Mr. N. A. Bilitch

Sir,—I do not know whether Mr. John Price (June 4) is naive, or whether he thinks your readers are. We are asked to believe that retailers and consumers seeking value for money are primarily concerned, when making purchases of cutlery, as to the origin of the product. That in learning that an offer of cutlery originated in Korea (or other "low" wage countries allegedly employing "sweated" and "underpaid" workers), they will drop this foreign merchandise like a hot potato and reach for an alternative British made product costing two, three or more times the cheaper import.

Regardless of what the finding of Mrs. Oppenheim's Ministry may have revealed, I can assure Mr. Price that in spite of any legislation in connection with country of origin marking, consumers, given a choice, will opt for the lowest priced article *where the issue of quality,* though important, is of secondary consideration. In other words, consumers seeking quality first (and with price of lesser importance) go to a recognised high class retailer like Asprey's or Harrods, whereas those with low or modest incomes will search for cheap bargains at the local bazaar or chain-stores.

Mr. Price's concern for consumers, though touching, smacks of humbug! Insisting that an article of manufacture be stamped with "Made in Korea" or "Made in Britain" will carry much weight with the average hard pressed consumer is wishful-thinking. Wishful thinking is not going to solve or regenerate the UK cutlery (or any other) industry. Value for money will!

N. A. Bilitch.
Free Trade League,
177 Vauxhall Bridge Road, SW1.

Cigarette advertising

From Mr. T. P. F. Miller

Sir, — Ronnie Kirkwood's spirited defence of cigarette advertising made an interesting point about the content of cigarette ads. As he said, most of them contain not much more than a picture of the pack. *Usually this is straightforward,* as in the current Vanguard ads; sometimes a surrealist approach is adopted, as in the Benson and Hedges ads in which elegant and modish jokes are played with an exceptionally attractive pack. But nearly always the pack is definitely hero.

It is thus no accident that cigarette manufacturers and their advertising agencies devote fantastic expenditure and effort to designing, naming and researching new packs. In the search for maximum acceptability more talent is devoted to pack design than to any other element in the marketing mix. "Acceptability" is the key. For if the pack is highly acceptable and if the advertisement stars the pack as hero, then it follows that the advertisement will tend to make the cigarettes acceptable, and through this, to make smoking acceptable.

Perhaps the way to make smoking unacceptable lies as much with controlling pack design as with controlling advertising.

T. P. F. Miller.
74, Lissenden Mansions,
Lissenden Gardens, NW5.

Slow off the mark

From Mrs. Peggy Marchant.

Sir,—In these times of business anxiety your readers may be encouraged to learn that there is at least one British industry which is doing so well that it cannot even find the time to reply to inquiries. I refer to domestic double glazing.

On April 29 I sent inquiries to seven major companies, asking for quotations for finished units, giving full specifications. To date I have received one reply.

Can the lack of external competition have anything to do with this?

Peggy M. Marchant.
The Stables, 73, Pound Road,
Banstead, Surrey.

Rail travel on business

From Mr. S. D. Hicks.

Sir,—In his letter published on May 29, Mr. Francey has overlooked the fact that a UK businessman, or indeed any other traveller, can have unlimited travel within the UK for 14 days using a British Railways All Line Rover ticket for £120 second class or £180 first class. Similar tickets are available to overseas travellers within the UK at considerably reduced rates if the tickets are purchased abroad. Railrover tickets are usually available between March 1 and October 31.

S. D. Hicks.
15, Ashton Drive,
Ashton, Bristol.

Laffer Curve complications

From Mr. Peter James

Sir,—The Laffer Curve is certainly a dubious theory, but Anatole Kaletsky's purported dissection (Lombard, May 30) is intellectually disreputable. He claims to undermine it, firstly, by pointing to the nugatory effects of Mrs. Thatcher's cut in basic rate to 30 per cent; yet as everyone knows the rise in VAT to 15 per cent meant that that cut was part of an exercise in switching from direct to in*direct taxation, not a cut* in total taxation—which, if it is to make any sense at all, is what the Laffer Curve must relate to.

Secondly, Mr. Kaletsky claims that the success of Proposition 13, being (as he suggests) a vindication of Keynesian demand management, cannot be treated as supporting the Laffer Curve. Yet any undergraduate could tell him that there is no reason why demand management should not simply be an explanation, in given circumstances, of the Laffer Curve's validity.

By dignifying his points with the grandly fashionable word "econometric," Mr. Kaletsky succeeds only in making them seem more absurd. One can't stop sloppy economic theories from winning unwarranted *political support if one tries to* meet them with sloppier argument.

Peter James.
Springfield House,
West Clandon,
Surrey.

Calendar change

From Mr. P. L. Griffiths

Sir,—Janet Marsh in her otherwise excellent review of Samuel Pepy's papers (May 31) is incorrect about the change of the English calendar which did not occur till 1751-52 nearly 50 years after Pepy's death in 1703. What she presumably has in mind *is* the *difference* between the English and Continental calendars during Pepys's life.

One of the principal reasons for the change of the English calendar in 1751-52 was to conform to the Continental calendar.

P. L. Griffiths.
41, Gloucester Place, W1.

Training apprentices

From Mr. A. D. Walshe

Sir,—Your report on the Economic Review published by the National Institute of Economic and Social Research repeats the myth concerning craftsman training that, in the British system, "the emphasis is on serving time" and that consequently "changes in the system of training are necessary."

Many people fail to realise that our present engineering apprentice scheme consists of three elements, only one of which has a fixed period. These three elements consist of a first year off-the-job training period, and then the completion of two modules designed to prove that the apprentice has acquired the skills necessary for designating himself a craftsman. There is no time condition for the acquisition of the skills in the two modules, although it would be most unusual for anyone to *acquire* the *skills* with less than six months training, followed by six months experience.

It is a fact, however, that management frequently does not want to pay a skilled man's rate to a young man of 19. It is also a fact that local negotiating committees will refer to "people serving their time." It is a further fact that many potential trainees are not accepted for craft training because of insistence in some quarters on academic qualifications which may not be relevant for the practice of the craft.

It is these last three issues which need to be changed, not a training system which has been followed for *not* more than a decade. The valuable work done by the EITB in producing an apprentice training scheme which is of relevance today should get much greater recognition than apparently it has done.

A. D. Walshe,
50, Wylam,
Great Hollands,
Bracknell, Berks.

Today's Events

GENERAL

UK: Sir Keith Joseph, Industry Secretary, opens new Laodis and Gyr factory, Chase Road, Acton.

Sir Geoffrey Howe, Chancellor of the Exchequer, speaks at Framlingham, Suffolk.

Mr. William Whitelaw, Home Secretary, speaks at Norwich.

Mr. Adam Butler, Industry Minister, speaks at Ilkeston.

Mr. Mark Carlisle, Education Secretary, speaks at Dorchester.

Queen Elizabeth, the Queen Mother, unveils statue of Field *Marshal Montgomery, at The* Green, Richmond Terrace, SW1.

Two-day International Coin Fair opens, Cumberland Hotel, London.

Sewing Machine Trade Association conference and exhibition opens, Harrogate (to June 9).

Sir Peter Gadsden, Lord Mayor of London, lunches with Management Consultants Association, Mansion House; dines with Apothecaries' Society, Apothecaries' Hall.

Overseas: Mr. Saburo Okita, Japanese Foreign Minister, arrives in Rome for talks with Sig. Emilio Colombo, Italian Foreign Minister.

PARLIAMENTARY BUSINESS

House of Commons: Remaining stages of the Films Bill and New Towns Bill.

COMPANY MEETINGS

Aberthaw and Bristol Channel Portland Cement, Angel Hotel, Cardiff, 12.30. Charles Hill of Bristol, 129 Cumberland Road, Bristol, 11. House of Lerose, Metropole Hotel, National Exhibition Centre, Birmingham, 12. Laporte, Chartered Insurance Institute, 20 Aldermanbury, EC, 12. Leadenhall Sterling, Cayzer House, 2-4 St. Mary Axe, EC, 12. Lec Refrigeration, Shripney Works, Bognor Regis, 11.30. Rugby Portland Cement, Crown House, Rugby, 12. Scottish TV, Cowcaddens, Glasgow, 12. Stewart Wrightson, The Baltic Exchange, 14-20 St. Mary Axe, EC, 12. Watts, Blake, Bearne, Manor House Hotel, Moretonhampstead, Devon, 12.

COMPANY RESULTS

Final dividends: Anglo-Indonesian Corporation. John Beales Associated Companies. Bishop's Stores. Fobel International. Francis Parker, Triefus and Co.

Morgan Crucible ahead at 13 weeks

TAXABLE PROFITS of Morgan Crucible rose from £2.97m to £3.28m in what Mr. Ian Weston Smith, chairman, describes as an uncertain *first quarter of 1980.* Sales increased by £5.99m to £32.46m. Trading margin fell from 13.2 per ceot to 12.6 per cent.

Finance charges jumped from £515,000 to £808,000, reflecting high interest rates and borrowings required for two acquisitions—Franklin Oil Corp. (Ohio) and DIA Pty.

The chairman seys that, apert from the UK steel strike, the imprint was more noticeable as the weeks passed, of East European currency shortages, the downturn io the automotive and consumer sectors of the U.S. aod UK together with Rowney customers reducing their stocks end slow UK defence spending.

In the last full year, taxable profits reached £14.79m (£12.27m).

The biggest contribution to the first-quarter trading profit of £4.06m (£3.49m) came from the thermic division with £1.41m (£1.16m). The electrical carbon side rose from £904,000 to £1.18m and special carbons and ceramics went ahead to £878,000 (£732,000). Acorn's contribution was little changed at £534,000 (£530,000), while "other products" ran into losses of £45,000, against profits of £69,000. Holding company increased to £131,000 (£86,000).

Stated earnings per 25p share were up from 4p to 4.8p. The tax charge, less grants for capital expenditure, was slightly lower at £1.14m (£1.23m)

● comment

Morgan Crucible is as usual off to a slow start with pre-tax profits up only 10.3 per cent in the first quarter. Lost refractory sales to the British Steel Corporetion were largely made up by exports and the thermic division showed a 20.7 per cent profits rise. Electrical carbon demand remained high despite the reported slump in the motor industry end profit in this sector gained 30.5 per cent. However, reduced consumer demand for durables hurt metal component sales and loterest cherges jumped by 57 per cent to £808,000. If the company matches last year's £14.8m pre-tax profit, many analysts would be impressed. The shares gained 3p yesterday to 127p where the yield on last year's dividend is about 8.4 per cent and the fully taxed p/e 8.3.

Guthrie finishes with £27.5m: dividend boost

Pre-tax profits of the Guthrie Corporation, up from £20.9m to a record £27.5m for 1979, are in line with etstimates end as forecast the hoard is recommending a final dividend of 21p per £1 share to lift the total from 21p to 30p.

When reporting first half profits up from £4.76m to £9.09m, the directors warned that conditions were against the achievement of the *July 1979 forecast* of £30m pre-tax for the year but In March this year they were estimating not less than £26m.

The profits estimate and dividend forecast were made at the time of the offer for City and International Trust—this acquisition waa completed satisfactorily, Mr. Mark Gent, Gnthrie'a chairman now reports.

Realisation of the Trust's investment portfolio bea raised casb in excess of £18m, the chairman states.

Commenting on the results, Mr. Gent says that if overseas profits had been translated at exchange rates ruling at January 31, 1979 to compare with the forecast then made, the Corporation's pre-tax profit would have exceeded £30m.

Stated earnings per share at the year-end were 38.5p against 31p.

The current year has started satisfactorily, *the chairman says.* Although the worldwide recession is beginning tn bite deeply in the U.S., perticularly in the eutomobile industry, levels of profitability to date are on budget for North American *operations.*

In South East Asia the first few months bave been encouraging. Recent weakness in the prices of palm oil and rubber bas been ameliorated by judicious forward selling and prospects for the year remain satisfectory.

Most other regions are showing a modest improvemant for the trading period to date, though the UK is still suffering from a weak bome economy and the effect of the strength of sterling on overseas trade. The second *half* of the year, and probably the first balf of 1981, is likely to be more difficult for certain operations, the chairman adds.

On the basis of present exchange rates, the value of overseas operating *profits* in sterling terms would also be adversely affected, as it was in 1979.

	1979 £000	1978 £000
Turnover	286,364	257,304
Operating profit	32,817	25,462
SE Asia	25,940	20,540
North America	5,883	3,468
Europa	295	179
Australia	421	297
Africa & Middle East	278	978
Intrast	5,313	4,565
Profit before tax	27,504	20,897
Tax	14,304	11,010
Net profit	13,200	9,887
Minorities	2,101	948
Attrib. profit	11,099	8,939
Extraordinary credit	1,477	*381
Pref. dividends	42	42
Ord. dividends	8,617	6,032
Retained forward	25,688	21,771

* Debit.

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HIGHLIGHTS

The major financial story yesterday was the £108m rights issue by **Land Securities** and the Lex column examines the reasons for such a large financial scheme. Elsewhere, BP has continued to show huoyant earnings in its first quarter, although there are aigns that the group does oot seem to he doing very well nutside its North Sea and Alaskan exploration activities. **Guthrie Corporation** hlames the strength of the pound for its missed profits forecast yet the board remains confident over the current year. Finally Lex looks at the figures from **Electronic Rentals** where the hrunt of higher interest costs have been felt on the p and l account with profits lower hy 17 per cent.

Pegler slips further behind

AFTER REPORTING a *first-half* profits shortfall of £1.41m, Pegiar-Hattersley, engineering components maker, slipped further hehind to finish the year to March 29, 1980 with pre-tax surptus down £1.78m et £12.43m, on increased sales of £109.95m, compared with £95.85m.

The result included increased associates' contributions of £4.94m (£4.5m) and estimeted metal stock appreciation of £780,000 (£520,000), but was after cbarging interest up from £136,000 to £516,000.

Earnings per share are shown as 42.3p (48.4p), before tax of £4.04m (£5.08m), and as 28.6p (31.1p) after the same. A oet finel dividend of 5.5p raises the total peyout from 8.58p to 9.5p.

Retained surplus emerged lower at £5.59m, compared with £6.61m.

● comment

It takes quite a lot to pull the price of an engineering share up by a tenth in one day but, with profits of £8.4m pre-tax in the second half, Pegler-Hattersley has beaten *most* market expectations end the shares responded with a rise to 110p. That produces a fully taxed bistoric p/e of 5.5 excluding metel stock eppreciation and the increesed dividend now yields e reasonebly attractive 13 per cent. Gearing is still negligible, despite last year's £2.7m cash outflow, and the level of capital spending seems set to drop. All of which suggests that the share price is atill comfortably supported but it should come as no surprise to discover that tbe trading environment has deteriorated markedly since the financial year end. Building products, after a modest improvement last year, looks the better placed of the two major menufacturing divisions but Pegler has already announced substaotial redundancies here and that may not be the end of the story. Steel velve operations lost money and export margins have disappeared so the division as a whole was prohably down to hreak even to say how the group will react to all this hut it may he worth noting that the dividend is possibly *only just* about covered by current cost earnings.

BBK chief warns on first half

THE STRONG POUND, together with continuing inflation and bigh interest rates in the UK, *would inevitably* reflect on first-half profits of Brown Moveri Kent (Holdings), industrial iostrument manufacturer, Mr. J. L. Lutyens, the chairman, told the *annual* meeting.

The continuing and deepening economic recession in the UK was proving very difficult to comhat, with orders and margins under strong pressure, while the stroog pound was making pricing a very sensitive issue in the group's export markets, where international competition was always intense, he stated.

Burco Dean falls into loss

THE AFTERMATH of the engineering dispute, followed by the lengthy steel strike adversely affected the results of Burco Dean, manufacturer of domestic electric and gas appliances, kitchen furniture and security systems, die-castings and plastic mouldings.

A pre-tax profit of £753,000 *turned into* a *loss* of £370,000 in the *six* months to March 31, 1980, on turnover of £15.55m against £14.05m. No interim dividend is being paid against 2p last time and a total of 5p from pre-tax profits of £1.17m at the end of 1978-79.

There was a nil tax charge against £397,000.

Mr. Spencer Crookenden, the chairman, says high interest rates caused wholesalers and retailers to reduce their stockholdings, and this ection was more prolonged and damaging than expected and led to fierce competition. Only by accepting reduced margins was the company able to keep its factories active.

Particularly affected was the appliance division, whose main prodnct lina, tumble driers, came under heavy pressure from UK price competition. The policy change by British Gas had a drastic effect on demand for the company's heating products.

This combination of adverse factors led to a substantial loss in the appliance division. Despite problems faced by all furniture companies, the kitchen furniture division made a small profit. The industrial division performed well and increased its profits over last year.

All three divisions beve already developed promising new products, hut as a result of the sharp decline in High Street spending, it was necessary, says the chairman, *to reduce operating* and overhead costs and action has been taken.

Over 300 jobs have been made redundant and two factories and the surplus land will be sold.

There will be a significant loss, he adds, within the accounts for the current trading year covering reorganisation costs.

He points out that hank horrowings remain well within limits, hut lack of demand still affects the two main divisions. The benefits of reorganisation and new products will not be felt until the autumn when a return to profitability should ensue.

● comment

Burco Dean has been hit hy a dose of *disaster.* The catalogue of company problems includes production disruptions aggravated hy the eogineering aod steel strikes, sharply higher interest *charges (nearly £½m)* and stiff price competition in the tumble drier business, mainly from Hotpoint. The loss before tax comes despite a small profit from the kitchen furniture division. But the kitchen furniture industry is strewn with its own unbappy tales. Appliance and furniture demand remains flat for Burco Dean and if the competitive Italians edge into the tumble drier sector as they seem to be thinking about, then prospects can only get worse. This year the company will probably *stay in the red, partly because* of a provisioo for reorganisation. Two factories are being closed, there bave been 350 redundancies since year-end and and removal of plant continues. The share price bas fallen from around 80p a year ago to just 26p, down 3p yesterday and the final dividend may well go tha way of the interim.

SW CONSOLIDATED OVER-SUBSCRIBED

The ofier for sale of 5.5m shares in Sonth West Consolidsted Minerals at 50p a share has been over-subscribed and the basis of allotment should be known today.

SWCM is a wholly-owned subsidiary of Dundonian, which decided to float off 25 per cent of the company in order to raise £2.75m for mineral exploration ventures in Cornwall and Devon. The shares will trede under Rule 163 (3), designed to accommodate exploration issues.

MAURICE JAMES

The directors of Maurice James Indnstries hope to make a further announcement shortly concerning the proposed repaymeot of 10p per share to ordinary shareholders.

Meanwhile, they strongly advise ordinary shareholders, preference shareholders and loan stockbolders not to sell their holdiogs pending this announcement.

EAST RAND

The rereot rights issue by *East Raod* Consolidated of 5.25m shares wes oversubscribed. Allotments to applicants for excess shares will be made on the basis of 12.2 per ceot of shares applied for.

SPAIN

June 4	Price %	+ or −
Banco Silbao	210	
Banco Central	238	
Banco Exterior	210	
Banco Hispano	209	
Banco Ind. Cat.	122	
Banco Madrid	141	
Banco Santander	357	
Banco Urquijo	150	
Banco Vizcaya	219	
Banco Zaragoza	200	
Oragados	80	−2
Espanola Zinc	61	
Fecsa	63	+0.a
Gal. Preciados	28.2	+0.7
Hidrola	67.2	+0.5
Iberduero	63.5	+0.5
Petroleos	109.2	−4.8
Petroliber	63	−2.0
Sogefiss	107	
Telefonica	56	−1.5
Union Elect.	63.7	−0.3

Electronic Rentals £2.5m lower after interest jump

SECOND-HALF taxahle profits of Electronic Rentals Group 7 from *£¾m to £6.61m,* hut improved from £8m to £6.61m, but the figure for the year ended March 31, 1980, was down at £12.22m, compared with £14.71m. *Full-year interest charges* soared from £5.19m to £12.69m.

Turnnver rose hy 39 per cent to £172.37m, against £124m, but this increase was not fully reflected in trading nrofits of £72.25m (£53.28m) due to the integratinn of BRW taking longer than anticipated.

Exceptional dehits were up from £3.45m to £3.73m, representing integration and rationalisation costs associated with the ecquisition of television rental assets from BRW. Depreciation charge increased from £29.93m to £43.61m.

A divisional breakdown of turnover and nrofits before interest and exceptional items shows (in £000's):—UK rental £112,176 (£78,884) and £23,987 (£20,408); overseas rental £18,147 (£11,065) and £2,725 (£2,332); retail £8,098 (£7,414) and £582 (£528); camping and leisure £33,209 (£26,019) and £508 (£154); oroperty £142 (£126) and £1,112 (£406); miscellaneous £595 (£496) and £300 loss (£333 loss). Holding company profit *was £26,000 (£140,000 loss).*

Earnings per 25p share declined from 7.5p to 5.1p basic, and from 9.8p to 7.2p adjusted for exceptional items. A nat final dividend of 3.143p effectively lifts the total to 4.3097p (3.503p) per share, as forecast in December 1978 at the time of tha BRW acquisition.

Tax charge was higher at £3.22m, against £2.69m, while extraordinary debits increased from £5.07m to £8.66m.

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DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Bio-Kil Chemicals	††7	July 21	—	7	—
British & Amer. Film	1.5	—	2.1	2.5	2.1
Brooke Tool Engng. int.	1.45	—	1.21	—	2.89
Burco Dean int.	Nil	—	2	—	5
Culter Guard Bridge	0.5	—	1.5	0.5	1.5
Electronic Rentals	3.14	August 1	2.39*	4.31	3.5*
Elsburg Gold Mng. int.	26‖	August 8	7.8	—	30.55
Guthrie	21	July 11	15	30	21
Hickson & Welch int.	2.5	August 29	2.5	—	7.5
Keystone Invest. int.	3.25	July 9	2.5	—	10.25**
Leigh Interests	3.37	—	2.91	5	4.98
Pegler-Hattersley	5.5	Aug. 13	5.03	9.5	8.58
Pleasurama int.	2§	Oct. 2	0.83	—	4.83
Plysu	1.21	July 24	0.61*	1.89	0.95*
Randfootein Est. int.	450‖	Aug. 8	250	—	600
J. Smart int.	0.86	July 7	0.61	—¶	2.75
Standard Fireworks	6.63	Sept. 5	5.5	6.63	5.5
Sterling Trust int.	3	Aug. 1	2.5	—	9.1‡
Western Areas Gold Mng. int.	40‖	Aug. 8	12	—	47
Henry Wigfall & Son	10.5	—	10.5	13.5	13.5

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes non-recurring payment of 1p. § Reduces disparity. ¶ Final of 2.3p forecast. ‖ South African cents throughout. ** Includes non-recurring payment of 2.75p. †† Gross.

Henry Wigfall setback to £1m

DESPITE forecasts of improved profits, the pre-tax figures from *Henry Wigfall* and Son, retailer of electrical goods, furniture and fashionwear bave declined from £1.85m to £1.06m in the year to March 29, 1980. But this is after interest *considarably higher* at £2.64m, compared with £1.86m and depreciation up from £5.38m to £5.63m.

After a tax credit of £4,000 *(£27,000), stated earnings per* 25p sbare are down from 36.1p to 20.7p, and the final dividend is unchanged at 10.5p for a total of 13.5p (same).

Mr. Michael Abbott, the chairman, says the fall in profits is partly attributable to external factors coupled with beavy bank borrowings and high interest rates.

At the beginning of 1980, a mejor reorganisation programme was hegun aimed at reducing borrowings and cuttiog costs.

Turnover rose from £41.9m to £44.25m.

● comment

Two years on, the defence mounted by *Henry Wigfall* against Comet Radiovision's abortive £14.2m takeover bid looks less and less easy to justify. The high capital gearing—net horrowings were 90 per cent of sbareholders' *funds* in the last balance sheet—has increased *volatility in the p and 1 account* as interest rates have risen. Thare was littla help in the High Street, where tough trading conditions reduced trading profits by 14 per cent in the second half. The group is now fighting to bold down its debt but the cost-cutting programme introduced in April may do little more than counterhalance the further weakening in trading since the end of the year. Meanwhile heavy cash injections are necessary to replace a "mature" portfolio of TV rental sets. Suggestively, the share price rose 7p yesterday to 196p, to produce a p/a of 17½, fully-taxed.

Keystone Inv. unchanged

PRE-TAX revenue of Keystone Investment Company was marginally higher at £507,223 compared with £505,676 in the half-year to April 30, 1980. Tax was down from £210,345 to £176,291.

The net asset value per 50p *share is 212p against* 241p.

Investment income increased hy about 31 per cent to £502,563. Profits from Keysec, the subsidiary sbare-dealing company, declined from the exceptionally bigh level realised during the same period last year.

The interim dividend is increased from 2.5p to 3.25p, and this is in lina with the increase in investment income. Last year's total payment was 10.25p, which included a special non-recurring sum of 2.75p, from pre-tax revenoe of £1.06m.

Standard Fireworks improves

PRE-TAX profits of Standard Fireworks improved from £407,580 to £538,177 in the year to March 31, 1980. Tax was up from £205,125 to £264,915, leaving net profits of £273,262 against £202,455.

The dividend is raised from 5.5p to 6.625p net.

L. Stanley and Company, based in Belfast now owns 25 per cent of Standard's issued capital.

LINFOOD HLDGS.

The rights issue by Linfood Holdings to raise £11¼m has heeo taken up as to 92.4 per cent.

BP net income rises to £505m in first quarter

ON A historical cost basis, net income of British Petroleum rose sharply from £270m to £504.7m in the first three months of 1980 but again was significantly affected by having to use the FIFO method of stock accounting at a time of increasing costs of oil supplies.

The directors continue to believe that a better appreciation of the group's profitability is provided by net income based on CCA—the first quarter figure on this basis is up from £120m to £161m.

Net income per share historically is stated as 32.6p against 17.5p and 10.4p (7.7p) based on current cost income. Principal factors underlying the first-quarter results compared with 1979 are the improvement in *Sohio's contribution* and continuing good results from North Sea production but offset by difficult trading conditions *mainly in Europe*.

Sales and operating revenue rose from £5.06bn to £6.49bn. Net income is after tax of £695.7m (£395.8m) and minorities, £142.7m against £58.3m.

UK tax at £424.5m shows a £269.4m rise on the 1979 first-quarter primarily as a result of a £150.2m rise in provision for PRT.

Oil trading conditions remained confused throughout the first quarter with continuing price variations between producer governments.

BP has adequate supplies for the immediate future but sales revenues in the major European markets are at present insufficient to cover replacement costs, the directors say.

Outside Europe it has generally been possible for the group to recover the increase in the cost of oil supplies.

Chemicals and plastics sales performance was satisfactory over *much of the first quarter* but has suffered a sharp deterioration in practically all areas since March.

This decline is particularly marked in the UK where product selling into the textile and construction industries is badly down. Sales of chemical products totalled 1.1m tonnes, compared with 1m tonnes in the first quarter of 1979.

Capital expenditure totalled £271m compared with £225m excluding the acquisitions made last year totalling £354m. Working capital, excluding liquid resources, this quarter increased by £534m as a result of increases in oil prices.

Additional sums will be necessary in the second quarter to cover further increases in prices that have occurred since March 31. Funds on the scale required can only be generated from a continuing strong financial position, the board warns.

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Smart sees at least £1.3m profit

A forecast *of* pre-tax profits not less than £1.3m for the year to July 31, 1980, is made by the directors of J. Smart & Co. (Contractors) in their interim statement. Last time the taxable surplus amounted to £1.27m.

The net interim dividend is raised from 0.605p to 0.86p, and the directors expect to recommend a final of 2.3p, against 2.145p.

Demand for the services of the contracting industry in the areas in which the group operates remains at a relatively low level, resulting in keen competition for such work as is available. Turnover in real terms is down, they add.

The forecast full-year profit would be made up of trading surplus £1.29m (£1.21m) and profit of sale of investments, £10,000 (£59,459).

Hickson & Welch up £0.6m midway

WITH DULL market conditions affecting its UK chemical companies, Hickson and Welch (Holdings) earned pre-tax profits of £4.4m for the half year to March 31, 1980. This compares with £3.81m last time, but this figure was reduced by some £1m due to the effects of the road haulage dispute.

Dr. T. Harrington, the chairman, says there has been little change in the group's overall position since his annual statement in January, although some overseas companies have done better than expected.

He repeats his forecast that for the year as a whole it will be difficult to show an improvement on last year's results, when taxable profits were £8.06m.

Turnover for the first half increased *from* £40.78m to £48.72m. Profits were struck after interest charges up from £430,000 to £771,000, but included investment and other income of £188,000 (£163,000) and associates' contributions of £79,000 (£95,000).

Tax charge jumped from £1.04m to £2.23m and after preference dividends, profits available for ordinary holders emerged lower at £2.17m, against £2.77m.

Earnings per 50p share are shown down from 14p to 11p, while the net interim dividend is kept at 2.5p, costing £483,000 (same)—last year's final was 5p.

The group's principal activities comprise chemicals, timber products and building materials.

● comment

The market liked the top line, marking *the* shares *up* 3p *to* 155p on boosted pre-tax profits despite expectations at the beginning of the year that Hickson and Welch would no more than mark time. But the shine comes *off with the* doubled *tax* charge, reflecting both the peaking of the capital expenditure programme and running down of stocks. The extra profits have come largely from the Singapore timber preservation subsidiary, which works on major contracts and takes in profits only on completion. Back home, the gas bill is £1m higher this year, but there is some consolation from the settling-down of the toluene price, one of the company's main feedstocks. The new catalytic hydrogeneration plant is in and working smoothly, but the benefits will take time to work through as the older processes which it replaces are rationalised. The company is making no secret that the full year will see a result none too different to 1979, which gives a fully-taxed p/e of 7.6 and a 7 per cent yield.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interim—Dobson Park Industries.

Finals — *Anglo-Indonesian Corporation*, John Beales, Bishop's Stores, British Vending Industries, Fobel International, Mecanic (London), Rowton Hotels, Trielus.

FUTURE DATES

Interims—

Thermal Syndicate .... July 3
Westland Aircraft .... June 15

Finals—

Aero Needles .... June 10
Baker Perkins .... June 19
Brent Walker .... June 12
Dominion and General Trust ... June 19
Hill Samuel .... June 12
Johnson Matthey .... June 15
National Carbonising .... June 16
Powell Duffryn .... June 25
Sumrie Clothes .... June 10
UKO International .... June 12

Culter Guard slides to £0.34m and cuts dividend-poor prospects

THE WARNING given by the chairman in December's interim statement has been borne out in the full-year results of Culter Guard Bridge Holdings. These show that pre-tax profits of this paper-making and converting group tumbled from £787,000 to £337,000 for the year ended March 31, 1980, while the net dividend is being cut from 1.5p to 0.5p per share.

Although first-half profits were up from £122,000 to £228,000, Mr. Roger Fleming, the chairman, told members that it was difficult to be optimistic about the year's outcome.

He now reports that the industry background generally has been very difficult, compounded by the problems of increased costs of raw materials, energy and high interest rates.

Owing to the depressed state of the economy, orders have been scarce and pressure on margins has been intense. As a result, the group has had to curtail production and in February closed its smallest paper machine.

"Prospects for the immediate future are anything but bright," Mr. Fleming adds.

Turnover for the year improved from £22.41m to £24.85m. Depreciation charge was £693,000 (£656,000) and interest was up from £186,000 to £327,000.

Earnings per 25p share dropped from 4.79p to 3.17p.

SCEPTRE RESOURCES

Sceptre Resources, a Canadian oil and gas company, whose shares are traded on The Stock Exchange under Rule 163 (1) (e), has filed a preliminary prospectus for a proposed *issue of* series "A" convertible second preferred shares. Consolidated-Bathurst Inc., the major shareholder, has agreed to acquire approximately 20 per cent of the issue, which is being underwritten by Wood Gundy and Peters and Co.

Brooke Tool grows

PRE-TAX profits of Brooke Tool Engineering (Holdings) advanced from £212,000 to £319,500 for the half-year to March 31, 1980, and the directors expect another record year. Last time, the taxable surplus reached £488,000.

Interest charges jumped from £44,700 to £107,300 for the six months. Turnover rose by £2.02m to £5.27m.

The net interim dividend is increased by 20 per cent from 1.21p to 1.45p — last year's final was 1.6775p.

The half-year tax charge of £41,500 (£31,200) related mainly to ACT and the directors do not consider that there will be any other charge for the period.

● comment

It may be a little early to be certain, but the engineering industry could be developing something of a profitable substrata. The problems of the major companies are well enough known but the difficulties imposed by strikes and intensive international competition do seem to be passing the specialist second *liners* by. Brooke Tool believes that the tiny fragment it has captured of the machine and cutting tools sectors is mostly immune to economic *swings* and the message transmitted by the 50 per cent interim improvement seems to be that low volume, high *value* added *engineering* applications will sell at a good profit, given efficient management, so long as the mining and armaments *industries* are buying. And, equally, engineering skills will always find a market for a short production run in the automotive and *general manufacturing* sectors. The balance sheet is strong and the expansionary effort in the U.S., coupled with the *£500,000 plus capital spending* programme this year, will not be enough to reverse cash flow generation. Yet the idea that *small is beautiful* has one unfortunate corollary: the institutional market for the shares is almost non-existent. For all that, the *shares* at 51p, up 1p *yesterday*, are a little way out of line given historic fully diluted earnings of 7.5p per share and a yield of 8.2 per cent. *It would still* be nice to think that Brooke will widen marketability with a large, equity-backed, acquisition.

AUTOMATED SECURITY

The £3.1m rights issue of 8 per cent convertible unsecured loan stock of Automated Security (Holdings) has been subscribed as to £2.9m, or 92.3 per cent. The remainder has been sold in the market.

The basis was £3 of stock for every 10 ordinary shares held and £6 of stock for every nine convertible cumulative redeemable preference shares at par.

BIDS AND DEALS

McCleery board urges sale of loss-maker

The directors of Belfast textile group McCleary L'Amie and their fininical advisers Morgan Grenfell have urged shareholders to vote in favour of the proposed sale of the business and certain assets of the loss-making Belfast Ropework subsidiary to Benefave.

McCleary intends to use the sale proceeds, expected to amoum to £1.2m, to rednee bank horrowings. As at last May 16, the group had total outstanding borrowings of £2.82m, of which £2.08m pertained to bank loans.

Benefave, an associate of the Sisalana Group of Brazil, is paying £397.750 for the Belfast Ropework husiness, inclnding tha goodwill, trade marks and names, and plant and machinery, plus a snm equal to the value of the company's stock in trade at end-June this year, estimated to be £500,000.

The remaining £300,000 will represent the balanca derived after setlement of its debtors and creditors.

Belfast Ropework, which is in the trading (and some manufacturing) of ropes, twines and allied products, has been a continued drain on the resources of the group for some years, incurring tarding losses of £587,000, £357,000 and £230,000 in 1977 (14 months), 1978 and 1979 respectively.

Mr. Desmond Lorimer, chairman, said it has resisted all efforts to bring it into profitability, with the market for its products becoming fiercely competitive as a result of world over-capacity.

McCleary suffered a trading loss of £33,000 last year, compared with a trading profit of £414,000 in 1978.

After the proposed transaction, the pro-forma consolidated balance sheet shows that McCleary's net attributable assets should rise to £6.2m (£6m) at December 31 last year.

MOSS BROS.

The sale of 30,000 shares in Mess Bros, the tailoring group, by a junior member of the controlling Moss family and their subseqnent purchase by Stockbolders Investment Trust to add to its holding led to a sharp jump in the sbare price yesterday.

They closed at 255p after a rise of 30p. "It's a very thin market," said Mr. Henry Vanson, Moss's managing director. "Any movement in the shares has an immediate effect."

He said that one of the younger Moss family members had sold the shares because he wanted to go into business on his own in an area "not remotely concerned" with the tailoring or fashion business.

The Moss family still owns just over half of the group's shares. Stockholders Investment Trust lifted its stake from 8.2 per cent to 8.8 per cent through the purchase.

Mecaniver takes 7% stake in Pilkington

Mecaniver S.A., a subsidiary of BSN-Gervais Danone S.A., has acquired a 7.07 per cent stake in Pilkingtoa Brothers as part of Pilkington's agreement to buy control of Macaniver's German glass interests.

Under the agreement, completed this week, Pilkington paid £111m, comprising £84m cash and the rest in Pilkington shares, for Macaniver's holdings in Flachglas AG and Dahlbusch Verwaltungs AG.

To comply with German law, Pilkington also paid £28m cash for the Flachglas interest in Dahlshusch and lt now has 81.5 per cent of Dahlhusch and 61.7 per cent of Flachglas.

Cowie chairman confident as Ewer bid battle continues

AS THE battle of words hetween T. Cowie and George Ewer continned yesterday, Mr. Tom Cowie said "be would be very surprised" if Cowie had not achieved control of Ewer hy Monday, the first closing date of the Cowie bid.

Meanwhile the Stock Exchange Quotations department is taking a fresh look at Ewer's proposed purchase of Eastern Tractors, a deal which has aroused much controversy in the Cowie camp.

Now the Stock Exchange bas reqnested further talks with Ewer over the Eastern Tractors purchase. Ewer announced on Wednesday that it had received over 90 per cent acceptance from holders of Eastern Tractors, which inclnded Industrial and Commercial Finance Corporation with some 33 per cent of the equity. A condition of the Eastern Tractors offer was a listing for the new shares being granted by the Stock Exchange.

In his letter to holders yesterday Mr. Cowie said, "it was bighly unlikely" that the 52½p offer would be increased. Urging holders to accept he pointed out that althongh the Ewer board had described the offer as derisory, a director and memher of the Ewer family had sold shares over the past year at prices as low as 41p. Mr. Cowie felt that a rejection of the Cowie offer would canse the Ewer shares to fall dramatically.

Cowie, which is bidding a basic 52½p per share for the Ewer shares not already owned or 55p if the Eastern Tractors bid fails, has lodged a strong protest with the Stock Exchange over the Eastern Tractors purchase. This involved the issue of 2.6m Ewer shares, representing some 15 per cent of the Ewer equity.

Cowie had earlier complained that the Eastern Tractors deal was of sufficient size to make it suhject to holders approval. Bnt after considering the matter the Stock Exchange last month gave the go ahead to Ewer's acquisition plan.

In his letter to shareholders Mr. Henry Ewer, chairman of George Ewer, claims that the attention the Eastern Tractors deal is receiving is an attempt to divert shareholders attention away from the real issues, in particular the inadequacy of Cowie's offer.

QUEENS MOAT-OLD SWAN

The directors of Queens Moat Houses have indicated that they do not intend at present to maka an offer for Old Swan (Harrogate) shares not already owned. Moat has 14.98 per cent of Old Swan.

On May 23, the listing of Old Swan was temporarily suspended while discussions took place on a possible offer. The listing is being restored today.

FRENCH KIER

As s result of a settlement relating to a trusteeship change, Mr. O. Kier, president of French Kier Holdings no longer has an interest in 947,265 shares of the company, reducing his bolding to 5.23m shares (11.01 per cent).

MARSH & MCLENNAN C. T. BOWRING

Another formality in the takeover of C. T. Bowring by Marsb and McLennan of the U.S., the world's largest insurance broker, was completed yesterday. Loan stock holders approved necessary resolutions relating to tha deal at a meeting yesterday.

By Wednesday acceptances of the March share and cash had heen received in respect of 103,316,420 existing ordinary shares of Bowring, representing 92.9 per cent of the issued ordinary share capital, and in respect of 187,573 7¼ per cent (now 5¼ per cent plus tax credit) cumulative preference shares of £1 each of Bowring, representing 93.8 per cent of the issued preference share capital.

The ordinary offers and the preference offer have heen declared unconditional in all respects and the convertible stock proposals have become effective

Lombard North Central profit dips before tax credit

Pre-tax profits of Lombard North Central, a subsidiary of National Westminster Bank, slumped from £12.5m to £3.29m in the half year ended March 31, 1980 but a £25m tax credit against £9m pushes the net balance up from £21.5m to £28.29m.

Lord Crawford, chairman, says the profit cut is mainly due to high interest rates affecting the profitability of business written at fixed rates. Pre-tax profit was also required to be struck after a £2.5m contingencies provision by Lombard Australia.

The tax credit is a result of the group's continued growth in leasing husiness, the chairman says.

An increased volume of new business is now being written at rates which reflect current interest levels and together with the investment period method of accounting for leasing which tends to produce higher profits in tha second half should result in some improvement, says Lord Crawford.

Current default experience continues to be very satisfactory and if the slight downturn in interest rates recently experienced continues, the prospects are encouraging.

After deductions for minorities and preference dividends, profit attributable to ordinary holders was £28.06m against £21.25m.

Lord Crawford is retiring as chairman and from the board on June 30. Mr. Hugh Cubitt will be the new chairman.

Owen Owen expects lower six months

Mr. J. A. H. Norman, chairman of Owen Owen, the department stores group, told the annual meeting that with some seven weeks still to run in the first half year, the board's projections show that the group result at the end of July will not match the same period of 1979.

He said trade in the UK continned to be difficult and be did not expect any improvement until the company passes the anniversary date of the introduction of tha higher VAT rate towards the end of June.

The board, he said, bad responded to the situation with increased promotional activity and relentless pressure to reduce overheads without impairing efficiency. Tha Canadian retailing bad not been immune from the growing recession in North America, and sales in the Robinson stores at the end of the first *four month are at the same level as those achieved in 1979.*

He believes the picture will improve as the year progresses.

Associates help expand Pleasurama to £1.53m

AN INCREASE of £365,000 to £1.53m in pre-tax profits is reported by Pleasurama, the entertainment and amusement holding company, for the half-year to March 31, 1980. This figure includes £521,000, against £321,000, from associates.

After tax up from £619,000 to £832,000 profit attributable is £701,000 compared with £549,000. To reduce disparity, the interim dividend is hoisted from 0.825p to 2p—last year's total was 4.825p from pre-tax profits of £3.22m.

The Board states that due to the seasonal nature of some of the group's activities, results for the first half are not necessarily indicative of results for the full year and it is, therefore, too early to forecast results for the current year.

Turnover in the first six months advanced from £5.26m to £5.86m.

● comment

The 26 per cent pre-tax margin recorded hy Pleasurama demonstrates thst, despite the problems at Ladbroke and Coral, casinos remain a money spinner. The Casanova Club has made a first time contribution to associated profits of at least £100,000 and this should increase as promotional expenditure declines and volume expands. Provincial casinos and the Ritz have done well, and Pleasurama is well placed to exploit the current disarray in the industry. Licences have been obtained in Hove and Cardiff, while others are pending in Leeds and Luton. Next year, the group will welcome extra income to help cover an extra £450,000 on its gaming tax bill but thereafter profits could show marked growth. Assuming profits for this year of £4.2m (with around £1½m coming from associates), the fully-taxed p/e is a modest 4.7. A total dividend of 8p seems plausible and, with the share price at 145p, this produces a yield of 8 per cent. The only unsatisfactory performer at the moment is Pleasurama's small Australian business and this may not survive long.

Brentnall reduces loss and better second half seen

FOLLOWING ITS reorganisation, Brentnall Beard (Holdings), insurance broker, reduced pre-tax losses from £607,000 to £335,000 for the balf year to March 31, 1980. The anticipated improvement in the group's trading position is continuing, the directors state, and they expect the second six months to produce better figures.

The position bas not been helped, however, by the soft conditions in the worldwide insurance market, they add. In addition the continued "unwelcome" publicity surrounding the affairs of the Lloyd's Syndicate 762 has bindered the development of new business.

Operating deficit was down from £376,000 to £182,000 in the first six months, while the sbare of associates' losses was lower at £85,000 (£231,000). There was an exceptional debit of £68,000 this time, representing amounts provided against outstanding debts several years old where recovery is considered unlikely.

Tax credits decreased from £209,000 to £40,000 and after an extraordinary debit of £110,000 last time, attributable losses came out at £295,000, compared with £508,000. Stated loss per 10p share was 3.8p (5.2p).

There is again no interim dividend—the last payment was 0.572p net in respect of tha 1977-1978 year.

● comment

Cost savings largely account for tha rednction in losses within Brentnall Beard, the troubled insurance broker. At the end of its last financial year UK staff totalled 370. This has been trimmed down to around 54 with a fair cbunk of its work force passing to Hogg Robinson wben Brentnall's UK provincial businesses were sold last year. Otherwise, on the trading front things look pretty bleak. Intensa competition io world insurance markets has not belped. But neither has tbe iovolvement in the tortuous Sasse affair which has pegged the growth of new business. Moreover the group has had to provide £68,000 as an exceptional item against outstanding debts. Oo the plus side Brentnall is gaining useful interest income on cash balances but over tbe longer term this is *an uncertain prop to performance*. At 9p the group is capitalised at £699,000.

British & American Film

Taxable profits of British and American Film Holdings increased to £183,782 for 1979, compared with £138,467 previously. Midway, the pre-tax surplus was up from £75,269 to £91,672.

A final dividend of 1.5p lifts tha total to 2.5p, against the single payment of 2.097p for 1978. Stated earnings per 5p share ara up from 4.089p to 5.115p, after tax of £40,535 (£21,970).

Pre-tax profits of the subsidiaries, results of wbich are not included in the figures, jumped from £77,414 to £389,544, reflecting mainly the partial recovery of production costs and profit participation io past film productions. There was a tax charge of £24,100 (£569 credit).

Massive hidden reserves denied by Ottoman Bank

BY ROBERT COTTRELL

THE BOARD of the Turkish-registered Ottoman Bank bas denied speculation that it bas massive undisclosed reserves far lo excess of its market valuation. Net worth, the directors say, is around £60 per share, compared with yesterday's market price of £64. It holds oo gold, tbey add.

Shareholders at yesterday's loog and occasionally stormy annual meeting in London were told tbat devaluation of the Turkish lira against the pound bas resulted in shrinkage of sterling-denominated assets, despite an expansion in business volume. The bank's balance-sheet for 1979 shows assets at £268.7m, against £368m previously.

The bank's business is centred in Turkey, with affiliate companies operating in Libya, Syria and France.

Mr. M. J. Babington Smith, chairman, said the Turkish economy bad suffered severe problems in 1979, but be found encouragement in recent government policy there. Lebanese business "made much progress" despite political uncertainty there, be said.

Changes seen by the bank during the year included nationalisation of its Bank of Teheran subsidiary, said Mr. Smith. The Iranian Government was now evaluating tbe bank's asset value, and he looked forward to a settlement.

The group has also acquired a wholly-owned investment subsidiary, a Luxembourg-registered company called Plagefio which has been largely financed with loans from Ottoman.

Ottoman is now 45.59 per cent beld by France's Banque de Paris et des Pays-Bas, wbicb says it regards the investment as a long-term one.

Representatives of a shareholder group threatened legal action against tbe bank for wbat they claimed were technical irregularities rendering the meeting unconstitutional. Mr. Smith replied tbat be was satisfied procedures had been "properly carried out."

Plysu jumps to £1.2m

FOLLOWING the substantial rise in first half profits from £660,000 to £1.24m, Plysu, plastic containers and domestic wares maker, completed the year to March 31, 1980 with pre-tax profits of £2.33m egainst £1.23m previously.

Stated earnings per share are up from 10.5p to 14.5p and the directors are effectively doubling the year's dividend to 1.8931p with a 1.2145p final.

Turnover improved from £13.25m to £17.32m. The profit includes associates' profit of £8,000 (£7,000 loss) but is after depreciation, £834,000 (£672,000) and interest, £164,000 (£203,000). Tax takes £699,000 against £49,000 and £1.42m (£1.08m) is retained.

The directors say that once more most of the expansion bas come from containers with sales up by 42 per cent.

There bave been further increases in price of bigh density polyethylene but this bas not affected current performance although for the time being at least the group bas been excluded from certain new and attractive markets for larger containers for this reason.

The group is continuing to expand its blow moulding capacity and is also planning to introduce new housewares products later this year.

The expenditure of £1.62m on fixed assets and moulds during the year under review bas been followed by a commitment to a further £711,000 so far this year.

The early weeks of the current year were affected by a slowing down in demand for some containers wbich the board believes was due to customers destroying as a result of worsening econ-economic conditions.

This situation would seem to bave been transitory as the group is at present back to a more normal pattern of trade.

● comment

A steady programme of capital investment seems to have paid off for Plysu. Taking advantage of the growing market in plastic containers, the company has produced pre-tax growth of more than 90 per cent in its second half. Containers account for most of the group's business and plastic continues to replace tinplate in a number of applications. Although price rises in polyethylene may slow some of this replacement business, the plastic market has scope for further expansion. Pre-tax margins jumped by four points last year and the company was able to reduce its interest charges. The dividend yield is a negligible 2.8 per cent at 98p. The p/e on published earnings comes to 6.7.

Leigh Interests over £1m

A SUBSTANTIAL increase from £665,000 to £1.1m in pre-tax profits is reported by Leigh Interests for the year to *March 31*, 1980 on turnover ahead, *from* £14.4m to £21.2m.

After tax up from £107,000 to £300,000, group stated earnings per 5p share are up from 8p to 10.6p, and the final dividend is raised to 3.37p for a total of 5p (4.355p, which does not include a compensating dividend of 0.13p).

● comment

Despite losses to the coal, stone and clay extracting and merchanting business and in an associated company, Leigh Interests pushed up pre-tax profit by 65 per cent. This is considerable testimony to the profitability of what the company calls its environmental business (heavy waste collection and disposal) and *which* now accounts *for more* than 80 per cent of pre-tax profit. Still more profit should be squeezed out of waste this year despite the downturn in industrial activity, and the coal, stone and clay businesses are no longer in the red. The group has won valuable planning permission on a site to relocate its Birmingham Ford dealership and may sell this profitable business. The development of a process for *turning unnamed wastes*, which the company hopes to be paid to collect, into solid industrial fuel *may* also be completed this year. The dividend provides a modest yield of 5.6 per cent at 132p while the fully taxed p/e of 18 expects a lot.

BANK RETURN

BANKING DEPARTMENT

	Wednesday June 4 1980	Increase (+) or Decrease (—) for week
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	56,378,882	+ 4,854,005
Special Deposits	218,710,000	—
Bankers Deposits	494,507,899	— 124,346,520
Reserve & other Accounts	648,586,757	— 29,668,206
	1,415,752,575	— 149,209,721
ASSETS		
Government Securities	899,217,064	+ 56,346,658
Advances & Other Accounts	310,533,577	+ 1,743,588
Premises Equipment & Other Secs.	180,675,640	— 237,641,900
Notes	22,552,556	— 5,636,857
Coin	655,442	— 24,806
	1,415,738,578	— 149,209,721

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes Issued	10,025,000,000	— 150,000,000
In Circulation	10,002,641,745	— 144,363,163
In Banking Department	22,556,856	— 5,656,837
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,634,140,168	+ 350,475,517
Other Securities	1,378,844,778	— 480,475,517
	10,025,000,000	— 150,000,000

EZ starts work on Elura mine

BY PAUL CHEESERIGHT

THE expansion programme of EZ Industries, the Australian base and metals producer, bas moved decisively forward with the announcement yesterday that work bas started oo construction at the A$160m (£56.7m) Elura lead-zinc-silver project near Cobar lo New South Wales.

Work started after the completion of negotiations with the state Government on royalty payments and mining rights.

Elura is the second of two projects which should add significantly to EZ's cash flow from about 1982-83 onwards. The first is the development of the Ranger uranium deposit in the Northern Territory, a joint venture with Peko-Wallsend.

Funds for Elura are coming from an international banking consortium and the mine and treatment plant should be handling 1.1m tonnes by the end of 1982, EZ said. Reserves are put at 27m tonnes grading 8.3 per cent zinc, 5.6 per cent lead and 139 grammes per tonne silver.

Peko-Wallsend meanwhile is preparing to spend A$15m on a project to recover 400,000 ounces of gold over the next 20 years from 40m tonnes of tailings dumped at its Mount Morgan mine.

The amount of gold in the tailing averages only 1.08 grammes per tonne, but the high level of bullion prices bas made it economic to extract. Peko is following a path now well trodden by South African gold producers.

The existing plant at Mount Morgan produced 7,014 ounces of gold in the 1979 second half from the mine production of Mount Morgan itself and Mount Chalmers.

The announcements of both companies caught the Australian share market on a rising trend and yesterday in London EZ shares were 5p higher at 360p, although those of Peko slipped 5p to 410p.

Zimbabwe's minerals

DETAILS of Zimbabwe's mineral production, released for the first time in 16 years, show that in the first quarter of this year the value of the country's mine output jumped more than 80 per cent to Z$108m (£74m), reports Tony Hawkins from Salisbury.

It is estimated that over the full year the value will rise by at least one-third to Z$425m compared with that of 1979. It is pointed out that the impact of higher metal prices is likely to be less in the second half of *this year*.

Gold is the country's leading export and last year's production of the metal was worth Z$81m; it amounted to Z$37.5m in the first quarter of this year. Output of asbestos, the country's second most valuable mineral, was valued at almost Z$66m last year.

In third place was nickel at Z$45m, followed by copper at Z$35m, coal at Z$26m and chrome ore Z$16m. Coming up fast were silver Z$7.3m and cobalt Z$5.2m.

Randfontein pays 450c interim

IN THE latest batch of increased dividends from the South African gold producers, Randfontein is declaring an interim for 1980 of 450 cents (247p) which follows market estimates varying widely between 350 cents and 600 cents. Last year Randfontein paid an interim of 250 cents and a final of 350 cents.

An interim of 40 cents from Western Areas comes at the lower end of expectations, but it compares with only 12 cents a year ago and the subsequent final of 35 cents. Elsburg, which holds shares of Western Areas, is declaring an interim of 26 cents compared with the 1979 interim of 7.8 cents

Avon Products forecast income dip

By Our Financial Staff

AVON PRODUCTS, the door-to-door sales cosmetics company which now includes Tiffany, the exclusive New York jeweller, expects second quarter earnings this year to be well below the $56.6m achieved in the corresponding period of 1979.

Avon said yesterday that the decline would reflect a fall in sales in the U.S. and the substantially greater impact of foreign currency fluctuations on overseas contributions. Overall sales for the period are expected to show a rise from last year's $566.5m, however, as overseas operations are showing strong sales gains compared with last year.

May monthly sales in the U.S. of its cosmetics, fragrances and fashion jewellery through its door-to-door distribution system were below expectations.

Avon said results for the remainder of the year were difficult to forecast because of the uncertain outlook for the U.S. economy and the importance of the fourth quarter to the company's full-year results.

The fourth quarter last year provided $104.05m of the 1979 net profit total of $250.69m, which was up from $233.63m in 1978. In the first quarter of the current year the group, which also has tableware and mail order fashion interests reported a small rise in net profit from $38.9m to $40.2m on sales ahead from $453.6m to $516.1m.

Gannett sees slower growth

NEW YORK — Gannett Company, a leading newspaper publisher and active in radio and TV expects earnings for the year to increase but not by the same amount as last year because of the softening of the economy. In 1979, the company reported a 19.3 per cent increase in earnings to $134.1.

The company said that classified advertising lineage was off 12 per cent in April. The company saw this as the lowest level and expects evidence of a comeback.

Mr. Allen H. Neuharth, chairman and president of the company, said that Gannett has not had a quarter with lower earnings since it went public in 1967 and it intends to preserve that record. Reuter

Getty Oil plans $570m insurance group takeover

BY DAVID LASCELLES IN NEW YORK

GETTY OIL, the large U.S. oil company, is poised to make a major diversification move with a $570m takeover bid for a Kansas City insurance concern. If it goes through, it would mark Getty's biggest move yet into a new business field.

The bid, announced late on Wednesday, is for ERC, an insurer with earnings of about $50m a year, which has been fighting off an unwelcome approach from Connecticut General, another large insurance company.

Getty's "white knight" approach has the endorsement of ERC's chairman, Mr. Stanford Miller who says he will recommend it to the board. The $97 a share Getty is offering compares with the $90 offered by Connecticut General.

There was some speculation in Wall Street yesterday, though, that Connecticut General might come back with an improved offer. Its immediate reaction was to say it would study the bid.

Getty, with sales of about $5bn a year, has been seeking a home for the huge earnings increase it has enjoyed due to the recent rise in oil prices.

At the beginning of this year it paid $628m for Reserve Oil and Gas, a mid-Western oil company. But its only interests outside energy currently lie in agricultural land, construction, and cable TV. None of these activities are very big, and it was expected that Getty would contemplate something new.

The decision to try insurance extends a trend set by several recent take-overs. Tenneco, another large energy concern, bought a large insurance company earlier this year. And Ashland Oil was at one point considering a similar move.

Insurance companies hold an appeal because of their large asset bases and steady earnings.

SEC withdraws restrictions on some off-board share trading

BY OUR FINANCIAL STAFF

THE SECURITIES and Exchange Commission, has voted to remove all restrictions on off-board trading in 60 companies listed on U.S. stock exchanges since April 26 last year. Off-board trading consists of deals done between brokers which are not made through a stock exchange.

SEC also yesterday voted to of treding under the limited withdraw on earlier proposal to remove restrictions on all off-board trading. Pending a review relaxations. The rule adopted yesterday covers trading by brokers acting as principals. The SEC has allowed off-board trading by brokers as agents since 1975.

Anheuser Busch, the brewery group, and Connecticut General, an insurance group, are excluded from the off-board trading relaxation despite being listed since the April 26 cut off date.

The SEC intends allowing the off-board trading in the newly listed stocks to continue for a year while it monitors activity and its impact on markets. It then plans to hold a limited public hearing and will then decide whether to extend the rule to cover all other securities or to modify the rule.

The SEC said that if there was an obvious and dangerous reaction to the new freedom it would act to withdraw the rule.

Off-board trading in the newly listed stocks is expected to begin in July.

U.S. leasing predicts decline

LOS ANGELES — U.S. Leasing International expects to show a decline in second quarter net income from the 62 cents a share last year because of higher borrowing costs.

Mr. D. E. Mundell, the president said that second quarter net income would be "down a little" from the 54 cents a share recorded in the first quarter. However, he said revenues would be up 30 per cent to between $47m and $48m from $36.9m in last year's second quarter.

He said around 30 per cent of the company's borrowings were related to prime rates. In the second quarter, prime rates hit a record 20 per cent but have since declined to 13 per cent.

Mr. Mundell said U.S. Leasing would benefit in the third and fourth quarters from the drop in short-term interest rates, but the lost ground in the first half would not be recovered.

"We were hammered the last four o ffive months, but we are happy to have come through it as well as we did," he said. "We thought interests rates were going to peak in the last quarter of 1979."

Mr. Mundell said the company's second half earnings should be "up to last year's $1.38 a share."

For th year, he said net income would be down by 7 per cent to 11 per cent from the $2.55 a share in 1979.

Mr. Mundell said the company's major business, direct finance leasing in the U.S. and Canada, would show flat earnings this year, although revenues would be up about 23 per cent.

Direct finance leasing should show "reasonable growth" because of the high growth rate of the office equipment industry, he said.

The company's earnings from lease financing programmes would be up by 10 per cent to 15 per cent because of residual recovery of leased equipment, mostly railroad and transportation equipment. Reuter

Canadian bank boosts earnings

By Robert Gibbens in Montreal

CANADA'S second largest chartered bank, Canadian Imperial Bank of Commerce, has turned in net profits of C$47.3m for the second quarter, before loss appropriation—an increase of 15.6 per cent on last year's corresponding C$40.9m. Revenues were C$1.61bn, some 53 per cent above last year's C$1.04bn.

Six months' earnings on the same basis were C$93.4m against C$91m, or C$2.38 a share against C$2.33. Revenues totalled C$3.06bn against C$2.05bn.

Assets at April 30 were C$51bn against C$42bn a year earlier.

The bank said volume continued to grow satisfactorily in domestic operations in the first half-year, although in the recent months there was some slowing in market and consumer lending because of the recession.

"Interest spreads continue under pressure, but there has been some improvement in the second quarter. This brought domestic earnings for the second quarter marginally ahead of a year earlier."

International business continued to show gains. Interest spreads were lower than last year, but this was offset by growth in assets and higher service revenue. The outlook for international operations remained positive, the bank added.

First quarter reverse for Ideal Toy

By Our Financial Staff

FORTUNES of Ideal Toy, the leading Newark, New Jersey-based toys and games manufacturer, continue to fluctuate. After a return to profitable trading last year following hefty losses in 1978-79 the group now reports first quarter earnings down from last year's corresponding $624,000, or 16 cents a share, to only $64,000, or 2 cents a share.

Sales for the quarter, ended May 1, were $21.7m, down 15.6 per cent on last year's $25.7m.

The company reports that customer orders for both its new and established toys have been running behind last year's levels. But it adds that this does not mean that the trend cannot be reversed in the last half of the year. It means buying will have to be done later, when the general economic climate for the holiday season is more discernable and when the trade feels it has more positively identified the successful items.

Meanwhile, at the company's annual meeting this week, shareholders approved fixing the maximum number of directors, electing one third of the board each year for three-year terms, prohibiting removal of directors for reasons other than cause and requiring a 75 per cent vote to amend or repeal the new provisions.

Carson Pirie Scott expects downturn

CHICAGO — Carson Pirie Scott, the department and specialty stores group, expects earnings for the year ending January 31 next to be lower than last year's $12.6m or $3.64 a share, according to Mr. Caroll E. Ebert, president.

He told shareholders at the annual meeting that the company expects the second and third quarters to be weak, with the largest earnings decline in its department stores.

Mr. Ebert said the floor coverings division had a drop in sales and earnings in April and May and a decline is expected for the full year.

Earnings of the Carson International division will be close to last year's, he added, while those of Dobbs Houses, a unit being acquired from Squibb Corporation, will be lower than anticipated earlier. Reuter

Diamond delays meeting

NEW YORK—Diamond International Corporation said its annual meeting was adjourned again because the inspectors of election will need more time to tabulate the vote on Diamond's proposed acquisition of Brooks-Scanlon and on other proposals.

The company said the annual meeting, which had been adjourned from May 29 until yesterday to allow vote tabulation, will reconvene on June 12.

Cavenham, owned by Sir James Goldsmith, a major diamond shareholder has opposed the Brooks-Scanlon deal and has instead said it might tender for Diamond stock. It has also proposed a resolution under which consideration of its proposed tender offer by Diamond shareholders would be speeded up. Agencies

Argentina's private sector bank outlook brightens

BY PETER MONTAGNON

THE LIQUIDITY squeeze on Argentina's financial institutions following the collapse of Banco de Intercambio Regional on March 28 has now eased and banks have begun repaying the special advances from the Central Bank to tide them over, according to Dr. Francisco Soldati, director of the Central Bank.

In the week ended May 22, the banking system made net repayments of 22.4bn pesos compared with a peak in the weekly amount of new central bank credit of 494.5bn pesos at height of the crisis in mid-April.

Dr. Soldati said that a further sign of returning confidence in Argentina was a renewed increase in foreign exchange reserves which had declined by about $600m to $9.8bn in the first four months of the year, or somewhat less than estimates in the banking community.

Capital outflows were due not only to the banking crisis but also to the short-lived rise of dollar interest rates to the 20 per cent level which made domestic investments temporarily less attractive. At the same time there were persistent but unfounded rumours of devaluation, he said.

After the collapse of BIR and the Central Bank's assumption of control over three other banks, there was a large scale switching of deposits within Argentina from privately-owned banks to publicly-owned ones. This prompted concern among international banks over the viability of lending to the country's private sector banks.

However, Dr. Soldati maintained in London yesterday that such concern was overdone. No further banks in Argentina now face problems and only 56 banks of the country's total 221 have foreign exchange liabilities exceeding $10m. Of these, 23 are foreign owned.

Moreover, the losses by foreign banks on loans to BIR will amount to only "a few million dollars" when liquidation is complete, Dr. Soldati added.

There was thus no need for the Argentinian authorities to take further steps to ensure the solvency of private sector banks. Such a move would in any case run counter to the country's free market philosophy.

Foreign banks have to lend to the banks they have confidence in. They have to take the risk," he said.

Dr. Soldati said that Argentina faces a small deficit on its current account balance of payments this year. Net new borrowing abroad will be $1.6bn of which about $350m has been completed.

Argentina is currently able to arrange syndicated credits on relatively low ⅝-¾ per cent split margins, but the country has no need to use its favourable credit rating to stock up on foreign borrowings.

Basic economic policy is to continue unchanged, Dr. Soldati said, which means that there is no reason for margins on Argentina's debt to rise.

European Investment Bank delays Yankee bond issue

BY OUR EUROMARKETS STAFF

THE European Investment Bank has temporarily delayed its $200m offering of notes and bonds in the Yankee market which was due to be priced this week under the management of Merill Lynch International.

The decision came as the borrower adopted the alternative choice of a Eurobond under the management of Credit Suisse First Boston which was announced on Wednesday. The Eurobond is over eight years with an 11 per cent coupon priced at par.

The EIB will watch conditions in the Yanke market next week to see whether appropriate terms for the issue can be set.

Dollar Eurobonds meanwhile extended recent gains yesterday to close about ½ point higher on average. The market continues to benefit from signs of a deepening recession in the U.S. and lower dollar interest rates.

Some of the steam was taken out of the advance yesterday by profit-taking in a number of recent new issues, but the undertone remains firm with dealers continuing to report retail investor demand from both Europe and the U.S.

The German market was closed for yesterday's national holiday, while Swiss franc bonds firmed ¼ point in quiet trading. The market was apparently unaffected by news the major banks are to raise their mortgage rate by ½ point to 5 per cent.

UBS is arranging a SwFr 80m 10-year bond issue for Sekisui Prefab Homes with a guarantee from Sanwa Bank. The issue has a 6 per cent coupon and is priced at 100½.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. *Closing prices on June 5*

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	50	92⅞	93⅜	+0½	+0⅜	11.27
Australian Res. 9¾ 84	30	95⅛	95⅝	+0⅛	+0⅛	11.01
Beneficial Fin. 9¾ 87	100	93	93½	+0⅛	+0⅜	11.16
CECA Grad. Rate 12 86	100	99⅛	99⅞	+1⅛	+0⅞	12.08
CECA 11⅛ 90	50	98¾	99¼	+0½	+0⅜	11.78
CECA 11½ 86	100	100⅝	101⅛	+1⅛	+1⅜	11.30
Canadian Pacific 9¾ 89	50	93	93½	+1⅛	+0⅞	10.97
Carter Hawley 9¾ 86	50	92⅞	93⅜	+0⅝	+0⅜	11.37
Continental Gro. 9½ 86	100	93⅛	93⅞	+0⅞	+0⅛	11.12
Denmark 11¾ 90	100	99⅝	100⅛	+0⅝	+1⅛	11.77
Dome Petroleum 13½ 92	50	102⅜	103⅜	+0⅛	+0⅛	12.98
EIB 11⅝ 92	90	99⅞	100⅜	+0⅛	+0⅛	11.70
EIB 13½ 90	100	107⅞	108⅜	+0⅛	+0⅝	12.28
Eksportfinans 11¼ 87	50	99⅜	100⅛	+0⅛	+1	11.22
Export Dv. Cpn. 9¾ 84	150	96⅛	96⅝	+0⅜	+0⅛	10.83
Export Dv. Cpn. 12¾ 87	100	105⅞	105⅜	+0⅜	+0⅛	11.42
European Comm. 11 95	75	96⅞	97⅜	+0⅛	+0⅞	11.41
Federal Dev. Bk. 12⅝ 85	75	104⅛	104⅝	+0⅛	+1⅛	11.05
Ford O/S Fin. 12¾ 85	250	101⅛	101⅝	+0⅛	+0⅞	12.15
George Weston 13½ 87	30	†101⅞	102⅜	+0⅛	+1	13.02
GTE Finance 9¾ 89	55	88⅞	89⅜	+1½	+1⅜	11.76
GMAC 9¾ 86	100	92⅛	92⅝	+0⅛	+0⅛	11.01
GMAC O/S Fin. 11 84	100	99⅝	100⅛	+0⅛	+0⅝	10.99
GMAC O/S Fin. 13¾ 85	100	106⅜	106⅞	+0⅛	+1	11.50
Goodyear O/S 12½ 87	75	98⅞	99⅜	+0⅛	+0⅞	12.75
ICI Fin. Ned. 11 83	100	100½	101	+0⅛	+1	10.69
Kennecott Int. 9½ 86	100	86⅞	87⅜	+1⅛	+0⅛	12.74
McGraw 13½ 85	75	101⅜	101⅞	+0⅞	+1	13.01
Michelin 10 84	125	88⅞	89⅜	−2⅛	+0⅞	11.92
Nat. Ont. Telecm. 9⅞ 86	100	93⅞	94⅜	+1⅛	+1	10.88
New Brunswick 9¾ 84	75	88⅜	88⅞	−0⅛	+1⅛	11.41
Newfoundland 10 94	50	90⅛	90⅝	+0⅛	+0⅛	11.40
Norway 8¾ 84	150	96⅛	96⅝	+0⅛	+0⅛	10.67
Norwest Ind. 13⅝ 87	50	100	100½	+0⅛	+2⅛	13.55
Nova Scotia Pwr. 9¾ 89	60	91⅝	92⅛	−0⅛	+0⅝	11.21
Sears Roebuck 9 82	150	97½	98	+0⅛	0	10.45
SNCF 13⅛ 85	50	105	105½	+0⅛	+0⅞	10.94
Statoil 9¾ 89	100	92	92½	+0⅛	+0⅛	11.00
Swed. Ex. Cred. 12½ 85	40	102⅜	13⅜	+0⅞	0	11.65
Sweden 9¾ 89	100	92	92½	+0½	+0⅛	11.15
Sweden 9¾ 84	100	96⅜	96⅞	+0⅛	+0½	10.77
Warner-Lambert 9 84	100	94⅞	95⅜	+0½	+0⅛	10.52

Average price changes. On day +0½ on week +0⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 90	200	*108⅝	109⅛	+0⅝	−1⅛	8.63
Australia 8¼ 90	250	*100⅝	101½	+0⅛	+0⅝	7.95
BFCE 7¾ 87	100	*98	98½	−0⅛	−0⅛	8.09
BFCE 8¼ 95	100	*97⅞	98⅜	0	−0⅛	8.33
Brazil 8 87	160	*94⅞	95⅜	−0⅛	+2⅛	8.92
CECA 7 91	150	*90⅞	91⅜	−0½	−1	8.25
Council of Eur. 7¾ 89	100	*93⅜	84½	+0⅛	−0⅝	8.20
Denmark 7⅞ 86	100	*97⅛	98	−0⅛	−0⅛	8.40
Denmark 8¼ 92	100	*98⅜	99⅜	+0⅛	+0⅛	8.34
EEC 7⅞ 84	225	*97⅞	98⅛	+0⅛	−0⅝	8.12
EIB 7½ 89	200	*96⅛	97⅛	+0½	+0½	8.02
Finland Ros. of 8 86	190	*97⅝	98⅝	+0⅛	−0⅛	8.39
Kobe, City of 7⅛ 88	150	*95⅛	95⅞	−0⅛	0	7.81
Neder. Gasunie 8 86	100	*100⅝	101⅛	−0⅛	−1⅛	7.78
New Zealand 7½ 87	200	*94⅜	95½	−0⅛	−0⅝	8.02
Norway 7½ 85	250	*98⅜	99½	+0⅛	−0⅛	7.72
OKB 7¾ 89	100	*95	95⅜	+0⅝	−0⅛	8.09
Oslo, City of 8⅜ 90	80	*101⅛	102	+0⅛	−0⅛	8.49
Sweden 8½ 87	200	*105⅜	106⅝	+0⅛	−0⅛	8.54
World Bank 7¾ 91	400	*96⅜	97⅛	0	+0⅛	8.15
World Bank 7⅞ 90	250	*97½	98⅛	+0⅛	−0⅝	8.18
World Bank 10 86	190	*107⅛	107⅞	+0⅛	−1⅛	8.33
World Bank 10 90	200	*108⅜	109⅜	+0½	−1½	8.91

Average price changes... On day +0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	96⅛	96⅝	+2⅞	+3⅜	5.01
Aumar 5 89	60	†93½	94	0	0	5.91
Australia 3¾ 89	250	89⅜	90⅛	−0⅛	−0⅛	5.06
Bergen, City of 4¾ 91	40	95⅛	95⅞	+1⅛	+2⅛	5.28
BNDE 5 89	75	87⅛	87⅝	+0⅛	+0½	6.88
BMW Overseas 4¾ 91	100	92⅞	93	0	+0⅛	5.10
Bohm'n-Tatterode 7 90	40	104⅜	105	−0⅝	−0⅛	5.32
Caisse Nat. Tele. 4⅛ 89	100	94⅜	94⅞	+0⅛	−0⅛	5.14
CCCE 5¾ 90	100	102⅞	103⅛	−0⅛	+0⅛	5.34
Copenhagen 4½ 91	90	90⅝	90⅞	+0⅞	−0⅝	5.88
Council of Eur. 6 89	100	94⅞	95	−0⅛	−0⅝	5.73
EIB 4½ 91	100	94⅜	94⅞	+1⅝	+2⅛	5.16
EIB 4¾ 94	100	87½	88	0	+1⅛	5.65
Elet. de France 4¾ 89	100	94⅜	95⅛	+0½	+1⅛	5.07
GZB 4⅛ 89	100	92⅜	92⅞	+0⅛	+2⅛	5.23
Hilti 4½ 81	35	†93⅜	94⅞	+0⅛	+0⅛	4.95
Int.-Amer. Dev. 4½ 89	100	94½	95	+1	+4	5.23
Int.-Amer. Dev. 7 90	80	106½	107	+0⅛	+0⅛	8.07
Jutland Tele. 5½ 90	50	100⅜	100⅞	0	−0⅛	5.41
Malaysia 5 89	80	90	90⅝	−0½	+0⅝	6.39
Nippon Tel. & T. 4⅛ 89	100	94⅝	95⅛	+0⅛	+1⅝	4.95
Nordic Bank 5 89	45	97⅜	98⅛	−0⅝	+0⅛	6.28
Norges Komm. 4¾ 91	100	92⅜	93⅜	0	0	5.20
OKB 4¾ 91	100	91½	92	+0⅛	+0⅛	5.36
OKB 6 90	100	103⅜	103⅞	0	0	5.49
Oslo, City of 4¾ 91	100	91	91⅛	+0⅛	+2⅛	5.44
Shikoku El. Pwr. 4¾ 89	100	94½	95	+0⅛	+0½	5.49
Steweag 4¾ 91	60	95	95½	0	+1	5.33
Voest-Alpine 4¾ 89	90	97	97½	+0⅛	+1	5.14
World Bank 4⅝ 89	100	95⅛	95⅜	−0⅝	+1⅛	0.25
World Bank 4½ 89	190	92⅛	92⅝	0	−0⅛	5.42
World Bank 4¾ 81	100	92⅜	93	+0⅛	−0⅛	5.48

Average price changes... On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91⅛	92⅞	+0⅛	+0⅛	8.36
Australia 6½ 88	20	88	89	+0⅞	+2⅛	8.60
EIB 7¾ 89	12	93	94⅞	+0⅛	+0⅞	8.73
Finland 5.6 83	10	91⅛	92⅞	+0⅛	+1⅛	8.22
Finland 6.8 88	10	89	90	+0⅝	+2⅝	8.74

Average price changes... On day +0⅛ on week +1½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	94	84½	+0⅝	0	12.07
CIBC 13½ 85 C$	50	103⅜	103⅞	+0⅛	−0⅝	12.46
Cr. Foncier 10⅛ 84 C$	30	†92⅛	92⅝	+0⅛	+0⅛	12.71
Fst. Can. Inv. 10 84 C$	50	93⅜	93⅞	+0⅛	−0⅛	12.12
GMAC 12 85 C$	50	†98⅜	98⅞	−0⅛	+0⅛	12.41
Quebec 10⅛ 88 C$	50	92½	93	−0⅛	−0⅛	12.03
R. Bk. Canada 10 86 C$	40	93	93½	+0⅛	−0⅛	11.63
R. Bk. Canada 10 94 C$	40	87⅛	87⅝	−0⅛	−1	11.87
Tordom Cpn. 13½ 85 C$	30	103⅛	103⅝	+0⅛	−0⅛	12.53
M. Bk. Dnmk. 9 91 EUA	25	96	98	0	−0½	9.66
SOFTE 8¾ 89 EUA	40	86⅛	87½	0	+0⅛	10.55
U. Bk. Nrwy. 9½ 90 EUA	18	87⅞	98⅞	+0½	+0⅛	8.81
Algemene Bk. 8¾ 84 Fl	75	97⅛	97⅝	−0½	−0⅞	8.96
Ned. Gasunie 8¾ 84 Fl	50	98⅞	99⅛	−0½	−0⅝	9.01
Ned. Middbk. 8¼ 84 Fl	75	96⅛	96⅝	−0⅛	+0⅛	9.31
Norway 8¾ 94 Fl	100	96⅞	97⅛	−0⅛	−0⅝	9.16
Norway 8¾ 84 Fl	100	97½	97½	−0⅛	0	8.99
Philips Lamps 8¾ 84 Fl	75	97⅜	97⅞	−0⅛	+0⅛	9.02
Air France 11 84 FFr	120	94½	95½	−0⅛	−0½	12.54
CECA 14¾ 86 FFr	150	103⅝	104⅝	+0⅛	+0⅝	13.13
Euratom 9¾ 87 FFr	150	84½	85⅛	+0⅛	+0⅝	13.15
Finland 11 84 FFr	80	94	94½	−0½	−0½	12.71
Finland 11½ 89 FFr	70	92	92⅝	0	+0⅝	12.32
Gaz de France 11 84 FFr	150	93⅞	94⅞	−0⅛	−1	12.70
IBM France 11⅞ 84 FFr	120	96⅛	97⅛	+0⅛	+0⅛	12.65
Renault 9¾ 85 FFr	100	85½	86⅛	+0⅛	0	13.70
Saint-Gobain 9¾ 86 FFr	130	84⅜	85⅛	+0⅛	+0⅝	13.54
Solvay et Cie 9¾ 87 FFr	125	82⅞	83⅛	0	+0⅛	13.78
Beneficial Fin. 14⅛ 90 £	20	98⅜	99⅛	+0⅛	+0⅝	14.44
Citicorp O/S 13½ 90 £	50	97⅛	98⅛	+0⅛	−0⅛	13.86
EIB 11½ 91 £	25	91⅛	91⅞	+0⅛	−0⅛	12.89
Fin. for Ind. 12½ 89 £	30	96½	97⅛	+0⅛	−0⅛	13.10
Fin. for Ind. 14½ 88 £	20	100⅛	101	+0⅛	−0⅝	14.32
Gen. Elec. Co. 12½ 89 £	50	97⅛	98⅛	0	−0⅛	12.89
Swed. Ex. Cr. 15⅜ 85 £	20	101⅞	102⅜	+0⅛	−0⅛	14.54
Indonesia 8¾ 91 KD	7	†93	93½	0	0	9.77
Mitsubishi 7½ 84 KD	10	†92⅛	93	0	+1	8.73
Norges Kom. 7½ 89 KD	12	†93⅛	93⅞	0	0	8.55
Occidental 8¾ 91 KD	7	†90⅛	90⅝	0	0	9.69
Akzo 9¾ 87 LuxFr	500	93⅛	94⅛	−0⅛	+0⅛	10.61
Euratom 8 87 LuxFr	500	86⅝	87⅝	+0⅛	−1	10.75
Euratom 9¾ 88 LuxFr	500	97	98	0	−0⅛	10.22
EIB 9¾ 88 LuxFr	600	96⅞	97⅞	0	−0⅛	10.24
Volvo 9¾ 87 LuxFr	500	96⅝	97⅝	−0⅛	−1	10.30

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0⅛	97⅜	98⅛	2/7	15½	15.43
Banca di Roma Int. 5 87	0⅛	100⅛	100⅝	26/10	15.31	15.26
Bank of Ireland 5¼ 89	‡0½	98	98½	21/8	11.81	12.02
Bank of Tokyo 5¼ 89	‡0⅛	97⅜	98⅛	25/10	16.56	16.99
Barclays O/S Inv. 5 90	0⅛	87⅜	98⅛	13/6	14⅛	14.54
Bergen Bk. A/S 6 88	‡0⅛	96½	97	29/8	10	10.34
Bque. Indo Suez 5¼ 89	0⅛	98⅞	99⅜	11/7	14.69	14.82
Citicorp O/S F. 6 94	‡0⅛	98⅝	98⅜	8/5	18.81	15.10
Citicorp O/S F. 83	§‡0	98⅜	99½	23/8	10.19	10.28
Citicorp O/S F. 84	‡0	98⅝	99⅛	30/8	9.81	8.92
C. Itoh 5¼ 87	0⅛	101	101½	18/8	19.44	19.20
Co-operative Bk. 8 86	0⅛	97⅜	98½	15/11	11.44	11.69
Creditanstalt 5½ 91	§‡0⅛	97½	98	14/5	18.44	18.86
CNT 5¼ 86	§0⅛	101½	102	15/10	18½	17.81
GZB 5½ 88	‡0⅛	98⅝	99⅛	1/8	15⅛	15.42
Jugobanka 8 89	0⅞	90	92	23/11	11⅛	12.77
Ind. Bank Japan 5¼ 87	0⅛	101⅛	101⅜	15/10	18⅛	18.47
LTCB Japan 5¼ 88	0⅞	88⅛	98⅞	13/6	14⅛	14.49
LTCB Japan 5½ 89	0⅝	97½	98	7/8	14.19	14.51
Mfrs. Han. O/S 5¼ 94	‡0⅛	97⅞	98⅛	31/8	9⅞	10.08
Midland Intl. Fin. 5 89	0⅛	99⅜	100⅛	20/8	15	15.00
Midland Intl. Fin. 5¼ 92	0⅛	98⅛	98⅝	5/12	10⅞	11.04
Nacional Fin. 6¼ 86	0⅛	98⅝	98⅞	25/7	14.69	14.89
Nat. West. 5¼ 94	§0⅛	101⅛	102⅛	11/10	18⅝	18.28
Nippon Credit 6½ 88	0⅝	97⅜	98⅛	12/7	14.44	14.73
Nippon Credit 5¼ 87	‡0⅛	97⅜	97⅞	6/8	14⅛	14.72
Royal Bk. Scot. 5¼ 94	§‡0⅛	99⅛	99⅜	11/7	19½	19.60
Soc. C. de Bque. 6½ 87	0⅛	101½	102	3/10	20.06	19.72
Sogenal 5¼ 89	§0⅛	98½	98⅝	18/7	14.44	14.68
Standard Chart. 5¼ 90	0⅛	101	101½	8/9	17⅛	17.04
Sweden 8¼ 81	‡0⅛	97⅝	98⅛	18/10	18⅝	19.03
Williams & Glyn 5¼ 91	0⅛	101½	101⅞	14/6	18½	18.25
Bq. E. d'Alg. 4⅝ 89 SF	0⅝	83	85	18/8	6.69	7.36

Average price changes... on day +0⅛ on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	†115	116	+1	−5.57
Ajinomoto 7¾ 95	2/80	618	103⅞	104	+0⅛	0.29
Alco Int. Fin. 9½ 94	1/80	40	91	92⅛	+0⅛	37.01
Apache L. Fin. 8¾ 95	12/80	31.68	103⅜	104½	+2	53.42
Asahi Optical 7 94	11/79	605	97½	98⅝	+0⅛	15.55
Canon 6¾ 94	5/79	570	110	111	+0⅛	−1.59
Credit Suisse 4¾ 93	10/79	1325	102⅞	104½	+0½	−3.56
Daiei Inc. 6½ 94	11/79	1020	95⅞	96⅞	+0⅛	33.28
DDKK 11 90	4/80	324	114⅜	115⅜	+0⅛	11.87
Dynelectron 9½ 95	3/80	12.22	103½	105	−0⅛	−0.08
Enserch Fin. 9½ 94	7/80	30.25	108	109	+0⅛	8.96
LPC Internatnl. 8 89	8/79	23.33	†97	98½	+1	24.96
Maidensha Elec. 7 94	12/79	210	96⅝	97⅛	+0⅛	9.94
Mitsubishi Cp. 6½ 94	10/79	604	125	126½	+0⅛	11.06
Nippon Seiko 7¼ 94	12/79	339	†111⅛	112⅛	+1	2.54
Nitto Elec. Ind. 6 94	7/79	735	78½	79½	+0⅛	1.73
Toshiba Cpn. 7¼ 94	10/79	198	95	100	+0⅛	−0.60
Union Bk. Switz. 5 89	2/80	125	97⅛	98⅛	0	4.87
Fujitsu 5 84 DM	7/79	475	*100⅜	101⅞	+0⅛	10.81
Kansai Elec. 4 84 DM	4/79	1234	*86⅞	86⅞	+0⅛	37.86
Uny Co. 6½ 86 DM	11/79	1071	*93½	94⅛	−0⅛	33.84

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES and FINANCE

Robert Graham, in Madrid, fills in the background to the troubles at SEAT

A daunting task faces the Spanish state

FIAT'S refusal to take over SEAT, Spain's largest car producer, is without precedent in International business. For at least 30 years Fiat has had a minority stake in SEAT and since last June it has been running the company in anticipation of acquiring majority control.

Now Sr. Miguel Antonanzas will once again become the chief executive having last year been squeezed out of the day-to-day running of the company by Italian management. And INI, the Spanish state-holding company faces the daunting task of finding an alternative foreign partner for SEAT.

SEAT's problems stem largely from operating in a protected market where it was assured the bulk of sales. Less than 10 years ago SEAT cars still accounted for more than 60 per cent of all cars bought in Spain.

Because of this privileged status, insufficient attention was paid to SEAT's range when foreign producers were permitted to establish themselves in Spain. By the late 1970s, SEAT was not only offering models which poorly matched its competitors but was also producing too many on uneconomic production runs.

Thus SEAT found itself with a declining market share, a large unused capacity and an increasingly expensive work force.

Fiat and INI agreed in 1978 on a four-year investment programme to revamp the company to sustain the company's market share and guarantee its future.

At the time of the preparation of the investment programme both sides were confident of SEAT's future. A new plant was planned for Pamplona. This is now in operation and is considered one of the company's main assets.

SEAT has also invested heavily in improving its spares, and after sales service, which is the most comprehensive network in Spain. This and the residual goodwill of the SEAT name must also be considered an important asset for any prospective multinational partner.

However, instead of fulfilling Fiat's prediction of sustaining a 33 per cent share of the Spanish market, SEAT'a share has fallen belnw 30 per cent. Losses last year rose to Pta 15bn ($212m).

Sr. Jose Miguel de la Rica, chairman of INI.

The company has two-thirds of its 32,000 work force on short time to reduce stock. These are currently at 72,000 units—about 30,000 above the desired level. It is reckoned that 1979 losses can be absorbed by reserves but it is unclear what will happen to tha aoticipated losses of around Pta 15bn this year.

Until now IN1, which is the major shareholder in Seat and will undertake to replace Fiat in SEAT'S pending capital increase, has so far only had broad discussions with other motor manufacturers about Fiat.

There have been cootacts with Nissan aod Toyota of Japan. Since then there are believed to bave been discussions with Volkswagen. Both Japanese companies have expressed an interest in Spain. Nissan in January acquired a 36 per cent stake in the light truck and agricultural machinery producer Motor *Iberica. INI is unlikely to be* impressed by European Community arguments to keep the Japanese at bay.

But in the short term Fiat and SEAT are obliged to make the best of the present uneasy alliance. As for technology there is a separate agreement through to 1985 which is expected to be observed.

INI's overriding concern is to guarantee the livelihood of the work force and of the approximately 250,000 families who depend directly and indirectly on SEAT. The work force is heavily overmanned and by the standards of modern car plant has more than twice the necessary labour.

The biggest concentration, 23,000, is in Barcelona where the plants are also the oldest. Any ioterested purcbaser of SEAT bas to come to terms with the problematical question of this labour force.

Io part to assure the labour force, INI bas undertaken to cootinue regardless a four-year investment programme costing Pta 60bn ($850m).

The programme, dua for completion by 1982, involves the ratiooalisation of SEAT's model range to three and the raising of capacity to over 400,000 units. This means again that any future purchaser will have to accommodate the pooling arrangements of this rationalisation and the Spsoish avowed desire to let models run a natural life. The Panda, SEAT's oewest model, is due to be launched this month.

The extraordinarily complex nature of the problem—complicated now by legal issues as well—means that there will be no quick solution. INI it seems is resigned to running the company for the foreseeable future at no matter what cost, in the hope nf an economic turnround aod a willing buyer.

Opel hit by contraction in home demand

BY KEVIN DONE IN FRANKFURT

THE FIRST redundancies to bit the West German motor Industry as a result of the decline in the European car market were announced yesterday by Opel, the West German subsidiary of General Motors of the U.S.

Over the next six months Opel is seeking to reduce the workforce at its Russelsheim works near Frankfurt by soma 4,000, largely through a programme of voluntary redundancies and early retirements.

Opel has ben particularly bard hit by falling demand in the domestic market for medium-sized and larger executive models. For several months it and Ford, the other major local U.S. owned manufacturer in tbe West German car market, bave staved off redundancies by putting several thousand employees on to short-time working. Opel bas now been forced to take more drastic action.

After fiva boom years the demand for motor cara in the Federal Republic began to decline in the second half of 1979. In tha first four months of 1980 new car registrations were down by 9.7 per cent. The fall in sales has been particularly marked, bowever, for models in the middle range. Opel has seen *its share* of the German market drop from 18.8 per cent in the first four months of 1979 to 16.8 per cent this year. Booming sales of its small Kadett model have failed to make up for the slump in demand for larger models.

A similar picture has emerged at Ford, wbere the most serious decline has hit its petrol-driven Granada model. Here registrations have fallen by 52 per cent in the first four mnnths of 1980. Sales of its Taunus model are also down.

Volkswagen, West Germany's biggest motor manufacturer, bas also seen a sharp fall in sales of its Andi 100 model—down from 34,194 in the first four months of 1979 tn 21,773 but this bas been compensated for by strong demand in other parts of tha model range.

Meanwhile tbe only French vehicle manufacturer to remain untouched by the decline in markets this year is Renault the nationalised group. Its output rose in the first three months while the three other producers all members of the PSA group, went into reverse, Terry Dodswnrth reports from Paris.

The three, Peugeot, Citroen, and Talbot (the former Chrysler company) all suffered at the hands of Renault ln the French market, and have reduced working hours in order to briog output into line with demand. But there have so far been no redundancies.

In the UK further evidence of the slide in the new car market was provided yesterday by Vauxhal's announcement that 5,000 workers at its Luton and Ellesmere Port car plants would be laid off for two weeks frnm June 16, John Griffitbs writes. Vauxhall blames the steep downturn that bas occurred in April and May, following a record first quarter.

Ford is laying off 3,220 wnrkers at its Dagenham engioe plant fnr five days from July 21, immediately ahead of its annual boliday. In addition, 728 men are being laid off at Halewood for a week from June 23, and 1,400 at its Langley truck assembly plant for four separate working days during June.

Franco-Italian electric motor rationalisation

By Terry Dodsworth in Paris

A FRANCO-ITALIAN industrial co-operation and rationalisation deal has beeo signed between Leroy-Somer, the French electric motor and pump manufacturer, and Ercole Marelli, the Italian group with e roughly similar product raoge.

The agreement allows Leroy-Somer to divest itself of its loss-making Italian subsidiary Rotos, a pump manufacturer based in the Milan area

On the electric motor side of the business, wbere the EEC is suffering from stroog Eastern European competition, the two companies have agreed to supply each other witb products to reinforce their prodnct ranges. This means that the French group will be seoding small-capacity motors to Italy wbile Marelli supplies medium-power units lo France.

The deal, backed by a coovertible loao from Leroy to Marelli, comes at a time wben there are cooslderable moves with the European electric motor industry to streamline in tbe face of the challenge from Eastern Europe.

While tbe Eastern Europeans bave agreed to raise prices following an anti-dumping action by the EEC, Marelll in particular bas beeo seeking rationalisation deals including sub-contracting in West Germany.

Amro enters U.S. debt market

By Our Amsterdam Correspondent

AMSTERDAM - ROTTERDAM BANK (Amro) has begun the issue of commercial paper nn the U.S. money market. Number three in the Dutch banking league, it has received permission from the Securities and Exchange Commissioo to place np to $300m worth nf paper.

The bank is the first in the Netherlands to tap the U.S. money market and one of the first in Europe. Its paper has been given the highest ratings by Moody's and Standard and Poor's.

Amro decided it required a source of funds in eddition to the Eurodnllar market wbere it holds large dollar deposits, said Mr. F. Hoogendijk, managing director in charge of Amro's international division.

Commercial paper is also attractive because of the relstively low cost involved. Amro plans to make regular usa of the facility depending on markat conditions and its own requirements. Placements will be handled by First Boston Corporation.

Amro bas a growing need for short-term funds partly bacausa of its increasing activities in the U.S. It currently has a representative office in New York.

Amro bas its headquarters in Amsterdam and ranks 31st in the world banking table. It has 354 domestic branches and additional offices throughont the world and had assets of Fl 90.8bn ($42.8bn) on March 31.

U.S. commercial paper is issued for between eight and 270 days in $1m denominations The market is currently valued at more than $125bn. Rates are traditionally lower than comparable forms of financing such as bank credits and often lower than interbank rates on the Eurodeposit market, Amro said.

Ennia in Spanish insurance deal

BY CHARLES BATCHELOR IN AMSTERDAM

ENNIA a Dutch insurer, will take a majority stake in a Spanish insurance company, Seguros Galicia of Madrid.

It will pay Fl 16m ($8m) for a holding of just over 80 per cent.

The Spanish and Dutch authorities have yet to approve the deal, Ennia said. Galicia is mainly involved in the general insurance business, but it also transacts life insurance.

It has branches throughout Spain and had 1979 premium income equivalent to Fl 60m.

Ennia also announced details of its performance in the first quarter of 1980. After-tax profit rose 38 per cent to Fl 16.2m compared to the same 1979 quarter and after payment of Fl 2.5m into the "catastrophe reserve." Gross receipts rose 16 per cent to Fl 768m, while costs rose by 11 per cent.

Profit per Fl 20 ordinary share rose by 20 per cent tn Fl 5.90. The board maintains its forecast that profits will continue to rise in the year as a whole, after the 26 per cent net profit increase last year.

Tbe life insurance result "develnped favourably" oo receipts which rose 15 per cent to Fl 451m.

The non-life result was well up with 16 per cent higber receipts of Fl 258m. Noo-insnrance activities contioued to be adversely affected by high rates of Interest. Gross noo-insurance receipts were Fl 59m.

● Tbe Dutcb Government is to return to the capital market in Amsterdam after an absence of more tbao two montbs. A 10-year offer is to be made by tender carrying a coupon of 10 per cent.

The issue price and amount to be raised will be announced when subscriptions close on Monday.

Electrolux expects slower growth of earnings

BY WILLIAM DULLFORCE IN STOCKHOLM

THE STRONG demand for Electrolux's prodncts at the end of 1979 was sustained through the first four months of the new year, raising sales about 26 per cent from a year earlier, Mr. Gösta Bystedt, managing director, told the annual general meeting of the Swedish household appliances group.

Earnings were estimated to have kept pace with rising turnover. But Mr. Bystedt did not expect the strong profits performanca of the first four months to continua through the year. He reiterated tha management's forecast of e 10 per cent profit growth for 1980 as a whole. This forecast does not include the Gränges group which Electrolux is taking over.

Electrolux did not publish four-month figures last year. For the full year it had pre-tax earnings of SKr 915m ($216m) on a SKr 15.14bn turnover. The Board recommended a SKr 1.25 increase in the dividend to SKr 7.50 a share and a one-for-four bonus issue.

Profits are expected to grow during the early 1980s, Mr. Bystedt said. A progressive dividend policy, combined with the abandonment of plans to introduce employee investment funds in Sweden, and tax relief for share capital, should raise prices for Electrolux shares. This would facilitate the financing of expansion, he added.

* * *

LEGO SYSTEM, the family-owned plastic toy bricks company, improved pre-tax earnings from DKr 43.5m tn DKr 69.3m ($12.4m) last year, Hilary Barnes writes from Copenbagen.

Tha operating profit rose from DKr 254m to DKr 356m. The company does not publish a sales figure. Lego System is part of the Lego group which does not publish consolidated accounts.

● Danfoss, tha Danish temperature control equipment and hydraulic systems group, increased sales by 41 per cent to DKr 1.69bn for the first half ending March 31.

Depreciation of the krone helped to boost the figure, the company said. First half earnings were said to be satisfactory, bnt no figures were published.

European Arab Bank chief resigns

By Michael Lafferty

MR. ROBERT BOTCHERBY bas resigned as managing director of the European Arab Bank Group and its London subsidiary, European Arab Bank Ltd. He has left following a disagreement about whether he should be holding both posts.

"It has becoma increasingly apparent that these roles ara incompatible and as Mr. Botcherly would not like to give up bis London post be bas decided to leave tha grnup," the bsnk said

Eurnpean Arab is a Luxembourg-based group of four consortium banks. Apart from London it operates in Brussels, Bahrain, and Frankfurt.

European Arab is closely linked with the EBIC club of European banks, which inclndes Deutsche Bank of Germany, and Midland nf the UK.

Mr. Botcherly will be succeeded by Mr. E. J. W. Hellmuth, who becomes acting chief executive of both tha holding company and the London bank.

Mr. Botcherly has previously held senior positions with Bank of America International, International Commercial Bank, end MAIBL.

Sharp drop in income for IBM Germany

BY OUR FINANCIAL STAFF

SHARPLY lower profits in 1979 are reported by IBM Deutschland, the West German subsidiary of International Business Machines of the U.S.

On sales only 4 per cent higher at DM 6.6bn ($3.6bn) the company saw net profits decline to DM 448m from DM 601m, a fall of 23 per cent from 1978.

This year sales have continued to improve and the company expects turnover for the whole of 1980 to at least match last year's level. Incoming orders for the first five months of 1980 are described as good.

IBM Deutschland expects the sharp rise in computer efficiency and fall in prices seen in the last decade to continue. Competition in the coming years "will grow" as more producers come to the market in both software and hardware.

Capital spending, which in 1979 rose 25 per cent to DM 1.28bn, will be concentrated on production in 1980 as was the case last year, followed by new technology. Greater productivity is one of the company's main aims.

Last year's results were affected by the improved price-efficiency ratio of the company's new products and by the high level of fixed asset investments. The company noted that last year's spending programme necessitated the disposal of security investments which fell to DM813 from DM1.27 a year earlier.

Efforts continued to improve prodnctivity bnt the company was unable to compensate fully for extra costs, notably those which arose through the msnufacture of new products.

Incoming orders rose faster than sales last year to reach a record level. Data processing, in particular the IBM 4300 computer range, benefited most from the rise in demand.

IBM Deutschland's total production last year amounted to DM 7.01bn, compared to DM 6.55bn. In 1978 the IBM group's European operations accounted for 37 per cent of total income.

Last year the German company paid tax of DM 0.7m while its wage bill was DM 1.86bn. The company's depreciation charge totalled DM 860m.

Advance at Huletts despite sugar decline

BY JIM JONES IN JOHANNESBURG

HULETTS, the South African sugar producer, has been hurt by drought in the Natal cane growing areas and the spread of a cane pest. However, higher sugar export prices and better profits from the group's interests in packaging and aluminium fabrication helped the company to raise pre-tax profits by 30.6 per cent to R49.99m ($63.8m) in the year to March 31, from R38.28m in 1978-79. Turnover was 23.9 per cent higher at R413.2m ($528m), against R335.5m.

The management is non-committal on prospects for the current year, although it concedes that because of probable lower production in the company's drought-affected growing areas, Huletts' share of the industry's milling proceeds could again decline. At the interim stage last year, the company estimated that its share of mill proceeds would drop to 30.6 per cent from the 33.9 per cent of the previous financial year.

Any further drop in the company's share of the industry's milling proceeds could be compounded this year by an expected 20 per cent fall in South Africa's total sugar production. However, most of the industry is optimistic that this will be in part offset by higher world sugar prices during the current year.

Dividends totalling 44 cents, compared with 37 cents, have been declared, from earnings per share of 86.7 cents, against 74.4 cents. In Johannesburg, Huletts' shares are currently quoted at 630 cents.

* * *

THE RECOVERY in South Africa's building sector which started in the second half of last year has reflected strongly in the results of Boumat, one of the country's largest suppliers of building materials and water heaters.

During the year to March 31, operating profits rose by 106 per cent to R9.67m ($12.4m) from R4.70m, while turnover was 69 per cent higher at R108.9m ($139.8m) compared with R65.5m.

Mr. Irvine Brittan, the chairman, is confident that the group will report further significant growth during the current year. He points out that two-thirds of fiscal 1980's operating profit improvement came from organic growth, while the remaining third was from acquisitions consolidated during the year. While the industry remains highly competitive, with particularly keen pricing throughout, Mr. Brittan feels that margins can be further improved with greater efficiency and productivity. At the same time, the group is actively seeking acquisitions in complementary areas.

Dividends totalling 25 cents, against 23.5 cents, have been declared from earnings per share of 101.5 cents and for the current year a payout of 32 cents is forecast. In Johannesborg the shares are currently trading at 510 cents for a prospective dividend yield of 6.3 per cent.

Downturn for Tooth

SYDNEY — Audited net profit of Tooth and Company, the New South Wales brewery, which is merging with the Hooker Corporation property group, fell to A$13.24m (US$15.2m) for year to March 29 from A$16.29m

Profit was struck after tax of A$3.98m compared with A$8.38m; depreciation of A$8.74m against A$8.63m; interest of A$3.29m against A$2.64m; and minorities of A$147,000 against A$65,000, but before extraordinary profits of A$1.69m compared with A$3.80m.

The final dividend is raised to 7 cents from 6.5 cents making 13.5 cents for the year against 12.5 cents. Earnings per share fell to 18.8 cents from 23.2 cents.

A drop in beer sales, both in volume and value terms, in 1979-80 were the main reasons for the 18.7 per cent fall in net profits.
Reuter

Nomura forecasts second-half recovery

By Donald Maclean

NOMURA SECURITIES, the largest of the Japanese securities houses expects a stronger profit performance in the second half of its financial year, to September 30, to bring net income to last year's level of Y37.5bn ($169.5m), on a parent company basis.

In the first six months of the year, to March 31, Nomura reported a fall of 29 per cent in net income to Y15.47bn, suffering, together with other Japanese securities houses, from a decline in the Tokyo bond market.

Mr. Hideo Matsumura, Nomura's managing director in charge of treasury and financial control, said in London yesterday that the full year's performance would be associated with the net gain on bond transactions increasing significantly on the year, and with interest and dividend income rising, probably by 30 per cent over the 1978-79 level Commissions were expected to be stable.

With bond market yields now less than 9 per cent, Nomura forecasts that fixed income securities in general will make a greater contribution to earnings in the second half of the year than in the first.

The company's operating revenue for the year is put at Y215bn, compared with Y206bn in 1978-79.

The company's most important move in a strategic sense, in the first half of this year, said Mr. Matsumura had been the introduction of a bond fund—designed to serve Nomura and its customers, as well as the Japanese Government—aimed at filling a gap for short-term funds attractive to small investors.

The funds involved are pooled together in investment in medium-term Government bonds, in the two to four year range. This fund had reached Y50bn in May. It is expected to play a major role in raising the amount of securities invested with Nomura to the target of Y10,000bn.

Surge in tramp market boosts Sanko Steamship

BY YOKO SHIBATA IN TOKYO

OPERATING profits of Sanko Steamship returned to the black, at Y5.15bn ($23.1m), in the year to March, from the previous year's heavy deficit of Y9.4bn, helped by the improvement of the tramp market.

Sanko Steamship's net profits reached Y890m, some 20 times the previous Y44m, on sales of Y357.85bn ($1.6bn), up 33.7 per cent. Per share profit was Y1.15, compared with a deficit of Y3.2 a year earlier.

The company is Japan's largest tanker owner, operating 38 tankers totalling 7m dwt, of which VLCC accounted for 33. The slump in VLCC operations more than offset earnings from medium and small-sized tankers. As a result, the company's tanker division was still below the break-even level.

However, large profits stemmed from the tramp division, with activity noteable in cargo such as grain, timber and steel. Grain carriers fared well, despite prevailing concern over the effect of the U.S. grain embargo against the USSR. Automobile carriers also did well.

Unlike most Japanese shipping companies, Sanko was not much assisted by the effect of the yen's depreciation on its dollar-based freight. This was because it operates chartered foreign vessels amounting to 15m dwt against 7m dwt of its own vessels. During the year, the company repurchased seven tie-in ships (ships built abroad and used by the Japanese shipping company on a charter basis) through the Government's Exim bank dollar-based loans, which generated exchange losses.

For the current fiscal year ending March 1981, Sanko's forecasts are uncertain. However, the tramp market is expected to stay firm in the first six months, although there is no scope for improvement in the VLCC market. The company sees sales maintainable at the previous level of Y360bn. Operating profits, at Y5bn, will be down 3 per cent, it is forecast, but net profits are expected to rise 12.4 per cent to Y1bn over a year ago.

Hakodate Dock faces de-listing after third loss

TOKYO—Shares of Hakodate Dock, which has reported its third consecutive deficit year, stand to be de-listed from the Tokyo stock market later this year, market officials said. This was "because the Japanese shipyard cannot satisfy the conditions to keep its listing on the market," they said. The rules stipulate that a listed company must not pass dividend payments for three consecutive years and that liabilities must not exceed capital for the same period.

Hakodate Dock reported a Y5.5bn deficit for the business year to March, bringing its accumulated deficit to Y54.9bn, or 30 times greater than its capital. The company also failed for the third consecutive year to make a dividend payment.

The stock exchange officials said that delayed implementation of business reconstruction plans, including staff cuts and the sale of a big shipyard, were mainly responsible for the deficit.

* * *

A GROUP of three Japanese shipping firms, Mitsui Osk Lines, Nippon Yusen Kaisha, and Kawasaki Kisen Kaisha, has ordered three 60,100 dwt liquified natural gas (LNG) tankers from three domestic yards, Mitsui Engineering and Shipbuilding Company said.

The three shipyards are Mitsui Engineering, Mitsubishi Heavy Industries, and Kawasaki Heavy Industries.

This is the first time domestic firms have ordered Japanese-built LNG tankers to transport Japan-bound LNG, which is currently handled by foreign vessels.

The shipping group will use the tankers, each costing about Y2bn ($126.5m), to carry LNG from Indonesia for four Japanese electric power and gas companies, Mitsui Engineering said.

The four power companies, Kansai Electric Power Company, Chubu Electric Power Company, Toho Gas Company, and Osaka Gas Company, have signed a 20-year contract with Indonesia's state-run Petamina Oil Company to buy 3.2m tonnes of LNG annually from 1983.

The tankers will be delivered between December 1982 and October 1983.
Reuter

Sale of El Al considered by Government

By L. Daniel in Tel Aviv

THE ISRAEL Treasury is considering the sale of El Al, the country's state-owned airline, to avoid having to cover the carrier's losses.

A number of private investors are said to have shown interest. However, the finance ministry has not given up hope that the airline's operations can be streamlined within the existing framework.

Another possibility raised is that of splitting up the company. Meanwhile, negotiations are going ahead to sell off three of its aircraft.

The root of the company's trouble are its laboor relations. Despite larger than normal severance pay, fewer employees than expected accepted preferential rtirement terms: each group of employees wants other groups to lay off a higher proportion of men, and a wild-cat strike by ground staff, halted operations, for instance, for several hours last week. Clearly, the staff still think that the Government cannot afford to lose the only airline which flies even during states of emergency.

CURRENCIES, MONEY and GOLD

Sterling firm

Sterling continued to advance, while the dollar showed little change in very quiet foreign exchange trading yesterday. Several European centres were closed for a religious holiday, and with little news to influence the market, currencies moved within narrow ranges throughout. The pound opened at $2.3240-2.3250, the lowest level of the day, and touched $2.3325-$2.3335 in the afternoon, before closing at $2.3305-2.315, a rise of 82½ points on the day.

Sterling's trade-weighted index, as calculated by the Bank of England, rose to 73.7 from 73.4, after standing at 73.6 at noon and in the morning.

The dollar's index, on Bank of England figures, fell to 83.7 from 83.9.

The U.S. currency showed little movement, trading within a range of DM 1.7700 to DM 1.7770 against the D-mark, and finishing at DM 1.7740, compared with DM 1.7735. The Swiss franc also recorded little change, closing at SwFr 1.6460 against the dollar, compared with SwFr 1.6450. On the other hand the Italian lira suffered from fears of a possible devaluation. It has been the weakest member of the European Monetary System for some time, although well within its allowed limits. The dollar rose to L836.50 from L834.75.

FRENCH FRANC — Strongest member of European Monetary System, assisted by strict monetary policy — The French franc was generally strong at the Paris fixing, rising against the dollar and sterling, but weakening slightly against the Swiss franc and Japanese yen. The French currency was fixed higher against all members of the EMS.

DUTCH GUILDER — Remaining firm near top of ECS — The guilder declined against the D-mark and French franc at the Amsterdam fixing, but improved against the Belgian franc and Italian lira. Outside the EMS the dollar fell to Fl 1.9510 from Fl 1.9535, but sterling rose to Fl 4.5410 from Fl 4.5370.

ITALIAN LIRA — Weakest member of EMS, after rising to the top of the system in February, and remaining firm for most of last year — The lira showed mixed changes against other major currencies at the Milan fixing as rumours circulated about a possible devaluation in the near future. The Italian unit lost ground to several of its EMS partners, with the D-mark rising to L469.60 from L469.50, and the French franc to L201.65 from L201.28. Outside the EMS sterling rose to L1,940.10 from L1,937.50, but the dollar fell to L833.30 from L834.80.

BELGIAN FRANC — Much firmer within EMS following moves by the Belgian authorities to increase interest rates and defend the franc — The Belgian franc improved against the dollar at the Brussels fixing, while EMS currencies were mixed. The dollar was fixed at BFr 28.425 compared with BFr 28.5275, but sterling rose to BFr 66.1925 from BFr 66.1450. Among members of the EMS the D-mark improved slightly to BFr 16.0150 from BFr 16.0120, and the French franc to BFr 6.8775 from BFr 6.8750.

JAPANESE YEN — Energy and balance of payments problems reflected in sharp decline last year. More recently lower U.S. interest rates have helped the yen recover — The yen improved in quiet Tokyo trading, with the dollar easing to Y221.55 from Y222.30. Movements were within a very narrow range of Y221.10 to Y222.00. The U.S. currency's weak tone followed the further cut in U.S. bank prime lending rates.

THE POUND SPOT AND FORWARD

June 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3240-2.3335	2.3305-2.3315	1.50-1.40c pm	7.46	3.92-3.82 pm	6.64
Canada	2.6915-2.6985	2.6965-2.6975	1.25-1.15c pm	5.34	3.50-3.35 pm	6.08
Nethlnd.	4.57½-4.55½	4.54-4.56	2½-1½c pm	4.13	6¾-5¾ pm	5.50
Belgium	65.95-66.25	66.10-66.20	13-3c pm	1.45	30-20 pm	1.51
Denmark	12.83-12.89	12.86-12.87	1⅝-3¾ore dis	−2.33	6½-8½ dis	−2.39
Ireland	1.1070-1.1116	1.1098-1.1108	0.05-0.01p pm	0.32	0.25-0.20 pm	0.81
W. Ger.	4.11-4.14½	4.13-4.14	3¼-2¼pf pm	7.62	7⅞-6⅞ pm	5.89
Portugal	113.50-114.30	113.80-114.10	5c pm-35c dis	−1.58	5pm-120dis	−2.02
Spain	182.20-182.60	182.50-182.60	10c pm-40c dis	−1.11	5pm-70dis	−0.80
Italy	1934-1950	1948-1949	2½-4½lire dis	−2.16	10¾-12½dis	−2.41
Norway	11.31-11.37	11.35-11.36	6¾-5ore pm	9.14	17¼-15½ pm	5.75
France	9.60½-9.64	9.62½-9.63½	4¼-3¼c pm	4.67	10¼-9¼ pm	4.05
Sweden	9.71-9.75	9.73-9.74	2½-1⅞ore pm	2.77	7½-6½ pm	2.88
Japan	510-520	512½-513½	2.35-1.80y pm	4.85	6.80-6.25 pm	5.09
Austria	29.40-29.55	29.45-29.50	20-12gro pm	6.31	52-47 pm	6.72
Switz.	3.81½-3.85	3.83¾-3.84¾	3⅞-2⅞c pm	10.55	10¼-9¼ pm	10.55

Belgian rate is for convertible francs. Financial franc 66.90-67.00.
Six-month forward dollar 6.52-6.42c pm. 12-month 9.45-9.30c pm.

THE DOLLAR SPOT AND FORWARD

June 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3240-2.3335	2.3305-2.3315	1.50-1.40c pm	7.46	3.92-3.82 pm	6.64
Ireland†	2.0960-2.0980	2.0980-2.0990	1.40-1.30c pm	7.72	4.00-3.90 pm	7.53
Canada	1.1557-1.1578	1.1567-1.1570	0.28-0.32c dis	−2.3	0.53-0.58dis	−1.92
Nethlnd.	1.9500-1.9515	1.9500-1.9515	0.20-0.30c dis	−1.53	0.47-0.57dis	−1.06
Belgium	28.365-28.415	28.38-28.40	12-15c dis	−6.71	34-37c dis	−5.00
Denmark	5.5300-5.5315	5.5300-5.5315	4.25-4.75ore dis	−9.75	12.1-12.6dis	−8.92
W. Ger.	1.7700-1.7770	1.7736-1.7745	0.11-0.1pf pm	0.41	0.25-0.15pfpm	0.45
Portugal	48.85-49.00	48.95-49.00	20-35c dis	−6.75	80-130 dis	−9.58
Spain	69.72-69.78	69.72-69.78	35-55c dis	−7.74	100-135 dis	−6.74
Italy	833.20-834.70	834.20-834.70	6-7lire dis	−9.3	19-20.5 dis	−9.5
Norway	4.8748-4.8758	4.8748-4.8758	0.5-0.10ore dis	−1.85	0.85-1.35dis	−0.90
France	4.1275-4.1340	4.1320-4.1340	0.93-1.03c dis	−2.85	2.70-2.90dis	−2.71
Sweden	4.1755-4.1830	4.1755-4.1785	1.95-2.10ore dis	−3.82	4.9-5.05 dis	−4.7
Japan	219.25-222.00	220.05-220.15	0.50-0.70y dis	−3.27	1.05-1.25dis	−2.09
Austria	12.67-12.68	12.67-12.68	0.4grpm-0.2grdis	0.95	1.3pm-0.45dis	0.27
Switz.	1.6425-1.6505	1.6455-1.6465	0.59-0.49c pm	3.94	1.84-1.74 pm	4.35

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

June 4	Bank of England Index	Morgan Guaranty Changes %
Sterling	73.7	−32.1
U.S. dollar	83.7	−9.7
Canadian dollar	81.6	−16.4
Austrian schilling	133.4	+24
Belgian franc	115.7	+14.1
Danish kroner	106.7	−4.4
Deutsche mark	154.9	+44.5
Swiss franc	196.4	+78.5
Guilder	125.1	+19.4
French franc	101.1	−5.9
Lira	53.4	−50.8
Yen	128.9	+97.4

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England index=100).

CURRENCY RATES

June 4	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.566836	0.611037
U.S. $	12	1.31532	1.41358
Canadian $	11.85	1.53380	1.63549
Austria Sch	6¾	16.6401	17.8972
Belgian F	14	37.3338	40.2898
Danish K	16	7.26385	7.84179
D'Mark	7½	2.33561	2.51352
Guilder	10	2.57211	2.76021
French Fr.	9½	5.46647	5.85688
Lira	13	1097.96	1180.07
Yen	9	281.670	314.544
Norwgn. Kr.	9	6.40384	6.89311
Spanish Pts.	8	91.8761	98.6608
Swedish Kr.	10	5.49988	5.92643
Swiss Fr.	6	2.17499	2.33469

OTHER CURRENCIES

June 5	£	$		£ Note Rates
Argentina Peso	4244-4264	1823-1830	Austria	29.15-29.43
Australia Dollar	2.0280-2.0320	0.8711-0.8715	Belgium	66.40-67.00
Brazil Cruzeiro	117.65-118.65	50.51-50.81	Denmark	12.81-16.00
Finland Markka	8.615-8.625	3.657-3.659	France	9.56-9.61
Greek Drachma	99.41-101.72	42.70-42.90	Germany	4.113-4.143
Hong Kong Dollar	11.46-11.48	4.9260-4.9290	Italy	1890-1955
Iran Rial	n/a	n a	Japan	514-519
Kuwait Dinar(KD)	0.619-0.629	0.2881-0.2885	Netherlands	4.52-4.55
Luxembourg Frc.	66.10-66.20	28.38-28.40	Norway	11.31-11.40
Malaysia Dollar	5.00-5.01	2.1510-2.1530	Portugal	110-114.0
New Zealand Dlr.	2.3595-2.3646	1.0138-1.0148	Spain	157.00-164.25
Saudi Arab. Riyal	7.69-7.79	3.3280-3.3610	Sweden	9.71-9.79
Singapore Dollar	4.955-4.965	2.1305-2.1325	Switzerland	3.81-3.84
Sth. African Rand	1.8084-1.8099	0.7786-0.7792	United States	2.626-2.353
A.E. Dirham	8.55-8.65	3.7010-3.7040	Yugoslavia	48.00-51.50

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.2701	+1.21	+0.42	±1.53
Danish Krone	7.72336	7.83404	+1.43	+0.65	±1.64
German D-Mark	2.48208	2.51413	+1.29	+0.51	±1.125
French Franc	5.84700	5.85566	+0.15	−0.63	±1.3557
Dutch Guilder	2.74362	2.76377	+0.73	−0.05	±1.512
Irish Punt	0.668201	0.675492	+1.09	+0.31	±1.668
Italian Lira	1157.79	1181.49	+2.06	+1.78	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 4	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.331	4.135	516.0	9.630	3.838	4.545	1949.	2.697	66.13
U.S. Dollar	0.429	1.	1.774	220.1	4.131	1.646	1.950	833.5	1.157	28.38
Deutschemark	0.242	0.564	1.	124.1	2.329	0.928	1.099	471.2	0.659	16.00
Japanese Yen 1,000	1.949	4.544	8.060	1000.	18.77	7.481	8.860	3798.	5.258	128.9
French Franc 10	1.038	2.421	4.294	532.7	10.	3.986	4.720	2083.	2.801	68.69
Swiss Franc	0.261	0.607	1.078	133.7	2.509	1.	1.184	507.8	0.703	17.24
Dutch Guilder	0.220	0.513	0.910	112.9	2.119	0.844	1.	428.7	0.593	14.55
Italian Lira, 1,000	0.513	1.198	2.122	263.3	4.942	1.969	2.333	1000.	1.384	33.93
Canadian Dollar	0.371	0.864	1.533	190.2	3.571	1.423	1.685	722.6	1.	24.53
Belgian Franc 100	1.512	3.524	6.251	775.3	14.59	5.801	6.871	2946.	4.077	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 5)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 3/4	offer 9 7/8	bid 9 3/4	offer 9 7/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

June 5	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	19½-16¾	9½-9¾	9-10	11½-11⅝	5-5½	9⅝-9¾	18⅜-12½	14-16	—	12½-13
7 days' notice	16⅞-16⅛	8⅝-9⅞	9-10	11-11¼	4-4½	9¼-9½	12⅜-12½	17-21	9⅞-10	12¾-13
Month	17⅛-17⅜	9¼-8¾	12⅜-12¾	11-11¼	5¼-5½	9¼-9½	12⅞-18½	18-20	9⅞-10	12¾-12⅞
Three months	16⅝-16⅞	9¾-10	11⅝-12	10¾-11	5½-5⅝	9½-9⅝	12⅝-12⅞	18½-19½	9⅝-9⅞	11½-11¾
Six months	15¾-18	9⅝-9⅞	10⅝-11	10⅜-10⅝	5½-5⅝	9¼-9½	12⅝-12⅞	18-18½	9¾-9⅞	10⅜-10⅝
One year	14½-14¾	9⅝-9⅞	10¼-10⅝	10¼ 10½	5½-5¼	8½-8⅝	12¾-13	17-19½	9½-9⅞	9½-9⅝

The following nominal rates were quoted for London dollar certificates of deposit: one-month 9⅝-9¾ per cent; three months 9$^{11}/_{16}$-9$^{13}/_{16}$ per cent; six-months 9$^{11}/_{16}$-9$^{13}/_{16}$ per cent; one year 9$^{11}/_{16}$-9$^{13}/_{16}$ per cent.

Long-term Eurodollar two years 10¼-10½ per cent; three years 10½-10⅞ per cent; four years 10¾-11 per cent; five years 10¾-11 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

European rates mixed

Interest rates showed no real overall trend in Europe yesterday, with some centres closed for a religious holiday. In Paris call money was quoted at 12$^{1}/_{16}$ per cent compared with 12¼ per cent, with longer term rates firmer in places. Frankfurt was closed yesterday but rates in Hamburg showed call money at 9.85 per cent compared with 9.80 per cent on Wednesday in Frankfurt, with longer term rates also higher. Dutch interbank rates were generally easier. Call money dipped to 11¼ per cent from 11$^{7}/_{16}$ and one-month money was down at 11 per cent against 11$^{1}/_{16}$ per cent previously. In Zurich mortgage rates and rates on deposit accounts were raised both by half a per cent to 5 per cent and 3 per cent respectively.

GOLD

	June 5		June 4	
Gold Bullion (fine ounce)				
Close	$585-589	(£251-253)	$575-579	(£247½-249½)
Opening	$578-582	(£248½-250½)	$558-562	(£240½-242½)
Morning fixing	$581.50	(£249.524)	$568.00	(£244.595)
Afternoon fixing	$581.75	(£249.625)	$571.50	(£246.389)
Gold Coins				
Krugerrand	$602-605	(£258-261)	$595-598	(£256-258)
Mapleleaf	$596-601	(£255-262)	$589-594	(£253-256)
New Sovereigns	$148-149	(£63½-64½)	$146½-147½	(£63-64)
King Sovs	$177-180	(£76-78)	$177-180	(£76-79)
Victoria Sovs	$178-181	(£76½-78½)	$178-181	(£76½-78½)
French 20s	$152-153		$150-153	
50 pesos Mexico	$725-735		$704-709	
100 Cor. Austria	$570-575		$570-575	
$20 Eagles	$667-671		$653-657	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Free supply

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day-to-day credit continued to be in good supply in the London money market yesterday, and the authorities took out some of the surplus by selling a small number of Treasury bills to the discount houses. The small net take up of Treasury bills to finance was outweighed by a small excess of Government disbursement over revenue transfers to the Exchequer and a small decrease in the note circulation.

In the interbank market overnight money opened at 15¾-16 per cent and eased on the forecast of a slight surplus to 15-15½ per cent, where it stayed for most of the morning. By noon rates stood at 15¼-15½ per cent but slipped to 8-9 per cent before finishing at 13-14 per cent.

The cancellation of the 1 per cent recall on special deposits, due on June 16, was one of the favourites on a short list of options open to the authorities to help spread out the heavy drain on liquidity over the next three or four weeks.

Rates in the table below are nominal in some cases.

GOLD

Further rise

Gold continued to advance in the London bullion market yesterday, rising $10 to $585-589. The closing level was also the high point of the day, as the market reacted to the further decline in U.S. interest rates and fears of higher oil prices at next week's meeting in Algeria of the Organisation of Petroleum Exporting Countries. Gold opened at $578-582, and touched a low level of $572-574. It was fixed at $581.50 in the morning and $581.75 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 77,500 per kilo ($583.30 per ounce) in the afternoon, compared with FFr 77,500 ($583.12) in the morning, and FFr 76,500 ($572.51) Wednesday afternoon.

The Frankfurt market was closed for a religious holiday. In Zurich gold closed at $579-584, compared with $573-578.

MONEY RATES

NEW YORK	
Prime Rate	13-14
Fed. Funds	8¾-10
Treasury Bills (13-week)	7.17
Treasury Bills (26-week)	7.62
GERMANY	
Discount Rate	7.5
Overnight Rate	9.85
One month	10.125
Three months	10.25
Six months	9.95
FRANCE	
Discount Rate	9.5
Overnight Rate	12.4375
One month	12.4125
Three months	12.4125
Six months	12.3125
JAPAN	
Discount Rate	9.0
Call (Unconditional)	12.6875
Bills Discount (three-month)	13.6875

LONDON MONEY RATES

June 5 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	8-16	—	—	—	14	8-16½	—	—	—
2 days notice	—	—	15½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16¾-16⅝	16¾	—	17	16¾	16¼-16⅝	—	—	—
One month	17⅛-16½	16⅞-17	16⅞	17⅛-17⅞	17¼	17½	16⅝	16⅞-15⅞	17⅛	17⅛
Two months	17⅛-16½	16⅞-17	—	17⅛-17¾	17¼	—	16½	15⅞	16½-15½	17
Three months	15⅞-16⅝	16½-16⅞	16¾-17⅛	16⅞-17¼	17⅛	17⅛	16¼-16⅝	16	16½-16⅜	16½
Six months	15⅛-15⅝	15¾-16	15⅞	15¾-15⅞	16¼	16⅝	—	—	14⅞-14½	15½
Nine months	15-14½	15-15¼	—	15½-16¼	15⅛	16¼	—	—	—	—
One Year	14½-14⅛	14½-14¾	14⅞-15½	15⅛-15⅞	14⅞	16	—	—	—	—
Two years	—	—	14¾-15	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 14¼-14⅝ per cent; four years 14⅝-14½ per cent; five years 14¾-14½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⅝-15$^{13}/_{16}$ per cent; four-month trade bills 16¾ per cent.

Approximate selling rates for one-month Treasury bills 15⅝-15⅞ per cent; two-months 15$^{11}/_{16}$-15⅞ per cent; three-months 15$^{25}/_{32}$-15$^{13}/_{16}$ per cent. Approximate selling rates for one-month bank bills 15$^{25}/_{32}$ per cent; two-months 16$^{1}/_{32}$-16$^{3}/_{32}$ per cent; three-months 16$^{1}/_{32}$-16⅛ per cent; one-month trade bills 17¼ per cent; two-months 16¾ per cent and three-months 16⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17½ per cent from June 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 15.0688 per cent.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, June 4, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used on a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.346
Algeria	Dinar	3.8325
Andorra	French Franc	4.136
	Spanish Peseta	69.80
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Argentine. Peso	1821.00
Australia	Australian $	0.873
Austria	Schilling	12.5723
Azores	Portug. Escudo	48.92
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3779
Balearic Isles	Spanish Peseta	69.80
Bangladesh	Taka	14.8367
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	28.42
	B. Franc (F)	28.75
Belize	Belize $	2.00
Benin	C.F.A. Franc	206.80
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.8615
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7864
Brazil	Cruzeiro	50.71
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.1385
Bulgaria	Lev	0.879
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
Cameroun Republic	C.F.A. Franc	206.80
Canada	Canadian $	1.1594
Canary Islands	Spanish Peseta	69.80
Cape Verde Isle	Cape V. Escudo	36.31
Cayman Islands	Cay. Is. $	0.836
Cent. Af. Rep.	C.F.A. Franc	206.80
Chad	C.F.A. Franc	206.80
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.4907
Colombia	Col. Peso (O)	46.78
Comoros Islands	C.F.A. Franc	206.80
Congo (Brazzaville)	C.F.A. Franc	206.80
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.707
Cyprus	Cyprus Pound	0.3529
Czechoslovakia	Koruna (O)	3.50
Dem.Rep. S'oTome & Principe	S. Tome Dobra	34.4032
Denmark	Danish Krone	5.3275
Djibouti, Rp. of	Djibouti Franc	176.42
Dominica	E. Caribbean $	2.7026
Dominican Repub.	Domin'cn Peso	1.00
Ecuador	Sucre	28.10
Egypt	Pound (3)	0.6943
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	69.80
Ethiopia	Birr (O)	2.0855
Faroe Islands	Danish Krone	5.3275
Falkland Islands	Falkland Is. £ *	2.324
Fiji Islands	Fiji $	0.9138
Finland	Markka	3.657
France	French Franc	4.139
French G'ty in Af.	C.F.A. Franc	206.80
French Guiana	Local Franc	4.138
French Pacific Is.	C.F.P. Franc	74.8709
Gabon	C.F.A. Franc	206.80
Gambia	Dalasi	1.7219
Germany (East)	Ostmark (O)	1.775
Germany (West)	Deutschemark	1.772
Ghana	Cedi	2.75
Gibraltar	Pound *	2.324
Gilbert Is.	Aust. $	0.876
Greece	Drachma	42.80
Greenland	Danish Krone	5.3275
Grenada	E. Caribbean $	2.7026
Guadaloupe	Local Franc	4.135
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	33.4529
Guinea Republic	Syli	18.7681
Guyana	Guyanese $	2.5632
Haiti	Gourde	5.00
Honduras Repub.	Lempira	2.00
Hong Kong	H.K. $	4.9185
Hungary	Forint (O)	32.6082
Iceland	I. Krona	428.70
India	Ind. Rupee	7.8615
Indonesia	Rupiah	625.00
Iran	Rial	74.00
Iraq	Iraq Dinar	0.2966
Irish Republic	Irish Punt *	2.0965
Israel	Israeli Pound (4)	45.82
Italy	Lira	834.65
Ivory Coast	C.F.A. Franc	206.80
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	221.82
Jordan	Jordan Dinar	0.2955
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.3444
Korea (Nth)	Won	0.94
Korea (Sth)	Won	583.00
Kuwait	Kuwait Dinar	0.2684
Lao P'ple D. Rep.	Kip of Lib.	400.00
Lebanon	Lebanese Pound	3.4048
Lesotho	Loti	0.7835
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.6502
Luxembourg	Lux Franc	28.42
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	206.80
Madeira	Portugese Escudo	48.99
Malawi	Kwacha	0.8125
Malaysia	Ringgit	2.191
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	413.50
Malta	Maltese Pound	0.3451
Martinique	Local Franc	4.135
Mauritania	Ouguiya	41.36
Mauritius	M. Rupee	7.6029
Mexico	Mexican Peso	22.83
Miquelon	French Franc	4.136
Monoco	French Franc	4.136
Mongolia	Tugrik (O)	3.3666
Montserrat	E. Caribbean $	2.7023
Morocco	Dirham	3.8708
Mozambique	Moz. Escudo	29.1282
Namibia	Rand	0.7836
Nauru Is.	Aust. $	0.873
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.9303
Netherland Antilles	Antillian Guild.	1.80
New Hebrides	Aust. $	0.873
	FNH	66.9391
New Zealand	NZ $	1.0163
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	206.80
Nigeria	Naira (O)	0.3603
Norway	Norwg. Krone	4.872
Oman, Sultanate of	Rial Omani	0.3429
Pakistan	Pkst. Rupee	9.81
Panama	Balboa	1.00
Papua N. Guinea	Kina	0.67
Paraguay	Guarani	137.50
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	270.25
Philippines	Ph. Peso	7.5035
Pitcairn Islands	NZ $	1.0163
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	48.92
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.678
Reunion Ile de la	French Franc	4.136
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Sterling *	2.324
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	4.136
St. Vincent	E. Caribbean $	2.7026
Samoa American	U.S. $	1.00
San Marino	Italian Lira	834.65
Saudi Arabia	Saudi Riyal	3.3292
Senegal	C. F. A. Franc	206.80
Seychelles	S. Rupee	6.7338
Sierra Leone	Leone	0.8606
Singapore	Singapore $	2.136
Solomon Islands	S.I. $	0.873
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.7835
Spain	Peseta	69.80
Spanish ports in North Africa	Sp. Peseta	69.80
Sri Lanka	S. L. Rupee	15.90
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7836
Sweden	S. Krona	4.19
Switzerland	Swiss Franc	1.6508
Syria	Syria Pound	6.9262
Taiwan	New Taiwan (O)	36.00
Tanzania	Tan. Shilling	8.2896
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	206.80
Tonga Islands	Pa'anga	0.873
Trinidad & Tob.	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.4151
Turkey	Lira	74.43
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.873
Uganda	Ug. Shilling	7.3444
United Arab Emir.	UAE Dirham	3.702
United Kingdom	£ Sterling *	2.324
Upper Volta	C.F.A. Franc	206.80
Uruguay	Urug. Peso (m)	8.97
U.S.S.R.	Rouble	0.6433
Vatican	Italian Lira	834.65
Venezuela	Bolivar	4.2937
Vietnam N.	Dong (O)	2.19
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.881
Yemen	Rial	4.37
Yugoslavia	New Y. Dinar	31.00
Zaire Republic	Zaire Zaire	1.8887
Zambia	Kwacha	0.7787
Zimbabwe	Zim $	0.6936

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Israeli Government are changing their currency to Shekels. However dealers are currently quoting in pounds.
(5) Iranian Rial is now fixed at 92.3 per SDR effective May 22, 1980. Net rate 74.00.

THE PROPERTY MARKET

BY ANDREW TAYLOR

Landsit cash to polish portfolio

LAND SECURITIES Investment Trust made it plain yesterday that it is not going back into the new development market, despite its £108m rights issue. But neither is the group going to sit back and just collect rents from its properties.

The money from this latest cash call on shareholders—the first for several years—has been almost entirely earmarked for revitalising Landsit's existing portfolio which is heavily dominated by its holdings in central London offices.

The rights issue will, therefore, do little to satisfy some of Landsit critics, who while recognising the strong reversionary potential of the portfolio, have wished to see the UK's largest property group becoming more active on the new development front.

This is clearly not going to happen. Peter Hunt, managing director, said yesterday that the cash will definitely be used: "In furtherance of the gronp's policy of increasing the value and income from its existing portfolio by redevelopment, refurbishment and the acquisition of additional interests where Landsit already bas a stake."

This programme is set to accelerate, with capital commitments of £66m at the end of March this year, and with a further £13m planned to be spent on "works designed to enhance the looger term value of certain of the group's properties."

A significant proportion of this planned exependiture will go on the refurbishment of Devonshire House in Piccadilly W1, where Landsit acquired the head leasebold from Distillers Company for around £9m last year. When compleled the refurbishment will provide about 150,000 sq ft of net air-conditioned office space.

The proposed development of the King William Street site in the City will account for another large slice of the group's planned expenditure. Here Landsit aims to provide 130,000 sq ft of net offices. Construction is due to commence later this year once final agreements have been signed.

Elsewhere, Landsit is presently undertaking refurbishment of several offices in the West End and City in Gracechurch Street, Cannon Street, Copthall Avenue and Old Burlington Street. Refurbishment is also taking place or is planned in other locations. The gronp also proposes to develop around 100,000 square feet of industrial space in London suburbs and in the provinces.

A recent revaluation of a quarter of Landsit property investments suggested that the portfolio could bave a current market valne of £1.5bn compared with a book value of £1.2bn.

With around 60 per cent of the group's portfolio represented by City and West End offices—26 per cent in the City—and many of these built prior to 1970, the scope for improvement is considerable.

Hambro set for Swindon

HAMBRO LIFE is almost certain to fund the first phase of a new £20m office development in Swindon. The insurance company may also finance later stages of the development and negotiations are continuing with the local Thamesdown Council and the Taylor Woodrow construction group.

The first phase comprises 120,000 sq ft of offices—which could cost between £7m and £10m—and the insurance gronp plans to occopy the space itself. Depending npon the outcome of negotiations, construction is likely to start next year and is likely to be carried out hy Taylor Woodrow.

The first phase also includes provision of a hus station which is to be funded by the local authority. There are also plans for car parking for 600 vehicles. In total around 250,000 sq ft of offices is planned to be huilt in three phases.

There is a strong probability that Hambro will wish to fund the later stages. The insurance company already occupies three office buildings in Swindon. Agents Knight Frank and Rutley with J. P. Sturge, the Swindon surveyors, have been closely involved with the deal but KFR yesterday declined to say what stage negotiations had reached.

The first phase of offices together with the bus station is due to be completed by late 1983. The site is presently occupied by a temporary bus station.

Euro-Ferries property ship steams ahead

EUROPEAN FERRIES share price has risen by 40 per cent since the group announced, five weeks ago, terms for the refinancing of its major U.S. development in Denver, Colorado—by far the largest commercial property project the gronp has ever undertaken.

Since 1976, development profits have risen from less than 1 per cent of total group pre-tax earnings to just over 30 per cent in 1979 and could double in the present year.

Profits from property sales are expected to be at least £15m this year—£8m in 1979—with total group pre-tax earnings forecast to rise from £27m last year to between £35m and £40m in 1980.

The shipping group's entry into the market in 1975—through its 75 per cent owned Townsend Thoresen Properties—could hardly bave been better timed with the office market at a low ebb following the property collapse.

"We took the view that the market had over-reacted. Prices from being too bigh were too low in 1975," says Keith Wickenden, Enro Ferries' chairman. Within 18 months of the decision to move into offive development property rents and values had begun their recovery.

The gronp's land bank now inclndes some significant central London sites, bought several years ago when land values were lower. Some of thsee deals will come through to fruition over the next few years as major developments are completed.

One of these is Enterprise Honse in High Holborn. Due to be completed this summer, the building will provide 83,000 sq ft of net office accommodation which has already been fully let to Kodak at £16 a sq ft—thought to be the highest rental so far agreed in Holborn.

European Ferries has still to offer the building on the open market but says it has received several approaches from potentially interested purchasers. When sold, development profits should, on the most conservative estimates, be around £7m and could be more than £10m.

From the beginning, the group's philosophy has been to huy, develop and sell. It has sbown no desire to hold property as a long term investment although there are one or two signs that this policy is being re-appraised. Any immediate change of direction seems unlikely, bowever.

With the group forecasting "an embarrassingly strong" cash flow in 1980—cash flow in 1979, a flat year, was still around £27m—and with some large development profits due to be taken over the next few years, the temptation to hold some of its properties or retain an equity stake in some buildings, will increase.

Until Enterprise House, the group had undertaken no development larger than 30,000 sq ft, but some other large projects are now in the pipeline. Earlier this year Euro Ferries announced that it had forward sold to Gas Pension Schemes, for £13.8m, its 90,000 sq ft development at Crosswall in the City, due for completion in about two years' time.

The group has become more adventurons of late although it still prefers to "take a lower profit in order to eliminate risk. "At one stage it would not buy land unless there was planning permission or start building until a property was pre-let."

Last year the gronp announced it had acquired in partnership with Vace, a Canadian company, 300 acres of zoned development land in Denver, Colarado. Euro Ferries' contribution to the deal was to guarantee loans of U.S. $21m from the Royal Bank of Canada to enable the purchase to go ahead.

In a series of complicated land deals, the joint development company, Tech Center, has now sold 65 acres of land for around $11m to Aetna, forming a new development partnership with the massive U.S. insurance group.

Tech Center bas sold another 40 acres for $10m to J. Roullier, a private Denver company, forming yet another development partnership. The two deals will effectively release Euro Ferries from its guarantees to Royal Bank of Canada although payment from Roullier will be staggered.

As one City broker put it: "Euro Ferries is virtually in for nothing." The prospects are exciting with Colorado one of the fastest growing economies in the U.S. Mr. Wickenden estimates that profits from Denver over the next decade could easily exceed the group's present market capitalisation of around £150m.

The most attractive element of the various deals would appear to be the partnership with Aetna which seems likely to provide the bulk of the finance for development. Development on other sites may be delayed hy the present high cost of development finance in the U.S.

Another deal with potentially exciting prospects is Euro Ferries proposals for a £20m development of 300,000 sq ft of offices on the Vauxhall Cross site although the hurdle of a planning inquiry has still to be cleared.

The group acquired the site on the South Bank of the Thames for just £400,000 from Land Securities in May, 1977—it took the view that even if it only received planning permission for flats it would still cover its costs. If the result of the inquiry goes in Euro Ferries favour, the profit potential from this site is regarded as enormous, although it seems likely that a funding partner may be sought.

The group also has planning permission for 60,000 sq ft of offices on another south bank site at Pickfords Wharf just west of London Bridge. Meanwhile the group is investigating the possibility of developing and managing industrial nursery units for major institutions and has already been discussing this with Milton Keynes new town development corporation and also with Coventry City Council.

With the letting of just over 3,200 square feet to SMEC, a Lucas Industries subsidiary, about 45 per cent of total space in Laing Properties' Edghaston House development in Birmingham is now occupied. Rents have recently been increased to £3.25 a square foot and joint agents are Grimley and Son and Alexander Stevens.

IN BRIEF

LEVI STRAUSS UK is to occupy Metropolitan House, Wembley, developed and owned by Chesterfield Properties. The tenant is paying close to the asking rent of £590,000 a year for the eight storey 52,500 sq ft office block opposite Wembley Park underground station and which is due for completion around the end of the year. Joint lettings agents: Edward Erdman and Jones Lang Wootton.

● Vanburgh Life Assurance, part of the Prudential Group, has paid over £2m for the head leasehold interest of Grafton House, Euston Road, NW1. Knight Frank and Rutley acted for Vanburgh.

● Co-operative Retail Services is to purchase for over £3m the House of Orange district centre development now underway at Gorton, Manchester. The Co-op will also occupy the 33,000 sq ft supermarket in the scheme which will offer a further 25,000 sq ft of retail space. Hammond Phillips Partnership acted for the developers.

● The Civil Aviation Pension Fund has paid £810,000 for a 47,000 square feet factory on Rowlinson Construction's Poynton industrial estate. It is occupied by the Adidas division of sportswear manufacturers Umbro International.

● Credit Suisse First Boston and not, as reported last week, First National Bank of Boston, have agreed to take space surplus to Deutsche Bank's requirements in 6-8 Bishopsgate.

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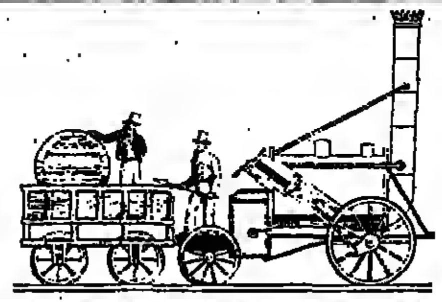

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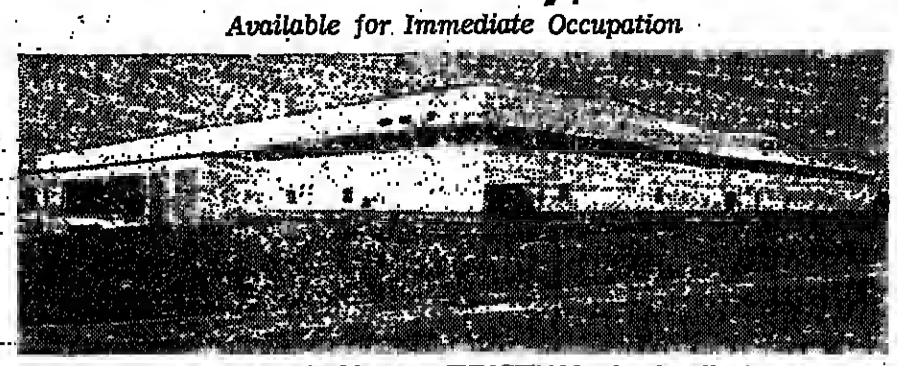

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EDWARD SYMMONS & PARTNERS Tel. 01-834 8454
58/62 Wilton Road, London SW1V 1DH

Residential Building Land

Upper Park Road, Upper Belvedere, Erith, KENT

11½ Acres with planning consent FOR SALE FREEHOLD

Jennings & Barrett
Chartered Surveyors, 2 Cross Street, Kent DA8 1TS, Telephone: Erith 42444.

Richard Ellis Chartered Surveyors,
6/10 Bruton Street, London W1X 8DU.
Telephone: 01-408 0929.

DEVONPORT PLYMOUTH

Dame Agnes Weston House

A modern Hostel Building also suitable for Offices, Hotel or Flats (subject to planning consent).

Gross external area about 75,000 q. ft.

FOR SALE LEASEHOLD

Apply: KNIGHT FRANK & RUTLEY, London Office (Tel: 01-629 8171) (RCS/69643)

Knight Frank & Rutley
20 Hanover Square London W1R 0AH
Telephone 01-629 8171 Telex 265384

BURTON UPON TRENT STAFFORDSHIRE

FREEHOLD RESIDENTIAL BUILDING LAND

21.35 ACRES

Available in 3 Lots
With Detailed Planning Permission
FOR SALE BY AUCTION
Joint Agent
John Timson
18 Bennetts Hill, Birmingham B2 5QJ
Tel: 021 643 8007/8 & 021 643 8492/3
For information Contact Birmingham Office
Ref. PGB/RHS

78 Colmore Row, Birmingham B3 2HG
Tel. 021-236 8477. Telex: 335146.
51/53 Brick Street, London W1Y 7DU.
Tel. 01-499 9452 Telex 8953629

EDWARDS BIGWOOD & BEWLAY

1/3 Wine Office Court Fleet Street EC4

Period Office Building

TO LET 3 500 sq ft Approx

Telephones installed
Immediate possession

Weatherall Green & Smith Ref: DAR
01-405 6944

Modern Air Conditioned Offices For Disposal

Sutton, Surrey

Lease of second and third floors for sale having an unexpired term of approximately 14 years. Area about 6,200 sq ft fully carpeted and partitioned. Possession August 1980.

Enquiries to: The Director of the Valuation and Estates Department, Greater London Council, Watermead House, Sutton Court Road, Sutton, Surrey. Telephone: 01-643 5353, ext. 53 (Mr. Miller). 079

GLC Valuation & Estates

HAMPSHIRE - WAREHOUSING

STOCKBRIDGE, HANTS. Warehouse/Industrial. 1.2 acres approx. 6,350 sq ft of existing buildings. Rural location. Existing rental under 30p per sq ft per annum. Nominal premium required.

THE A3, ROGATE, HANTS. Existing Warehousing complex. Rural location one mile from the A3. Units from 3,000 to 17,000 sq ft plus mezzanine floor 8,880 sq ft. Inclusive rental only £1.50 per sq ft. Landlord responsible for buildings. Handling facilities available. Resident caretaker.

All enquiries WELLER EGGAR, Commercial Department, 74 Castle Street, Farnham, Surrey. Tel: Farnham 716221.

FOR SALE
64 ACRES OR THEREABOUTS OF AGRICULTURAL LAND IN N.E. ENGLAND
The land contains a sand deposit of some 2m tons of recoverable sand conforming to B.S.S. 882, 594, etc. Site is within one mile of motorway intersection and ideally placed for markets in Teesside, Central Durham and South Tyneside.
Principals only to: Telex 58608.

INVESTMENTS FOR SALE

20% NET YIELD

on two freehold industrial investments for sale. E.G. £33,000 income p.a. to be sold at £160,000 plus another similar larger investment. Also residential flatlet portfolio for sale.

SAPCOTE PROPERTIES
021-233 1200

GRAYS, ESSEX
High yielding modern office/commercial investment in prominent position. Office building approximately 8,375 sq ft, commercial approximately 16,277 sq ft let on F.R.I. leases. Income £35,250 p.a. Offers in region of £310,000 for freehold s.c. Apply: Bairstow Eves, 01-377 0137. Ref: BMN.

FREEHOLD WAREHOUSE INVESTMENT for Sale. Wokingham, Berks. 10,000 sq ft FRI lease expires 1987 to Public [illegible] Offers invited 0734 733619.

RESIDENTIAL PROPERTY. Large Edwardian house in Hampstead divided into 6 flats; 2 tempy. garages. 5 flats vacant. 200 yd u'ground; [illegible] mile heath. £240,000. 5 Bed. detached Wimpey villa. Harlow New Town. Garage. Vacant. Pleasant cul-de-sac. £40,000. [illegible] 086736/329.

TRAFFORD PARK MANCHESTER

For Sale
with lease back of part to Public Company

Single Storey Factory
201,150 sq ft floorspace
9.46 acres site area

Singleton
G F Singleton & Co
55 King Street
Manchester M2 4LR
061-832 8271
& at Blackburn. Tel: 0254 52424

SHOPS AND OFFICES

MAYFAIR, opposite Green Park. Prestige suite. Telex. Commissionaires. 24 hours. Alan Burton, 235 0288.

FLEET STREET. Prestige suite. 429 sq. ft. L.O. Phones installed. 24 hour [illegible]. Miss Quinn 353 1225.

DEVIZES, WILTS. Freehold Office Building V.P. £0,000 FH. 01-902 3017

WEST LONDON. Freehold Office Building for Sale with full Vacant Possession. Approx. 2,200 sq ft £140,000. Sole Agents Gordon Linch & Co. 01-409 1441. Ref. Peter Kaufer.

Richard Ellis

World Wide Offices

39 Dover Street Mayfair W1. TO LET

Approx 7,200 sq.ft.

Modern Refurbished Premises
Richard Ellis, Chartered Surveyors
6-10 Bruton Street, London W1X 8DU
Telephone: 01-408 0929

ST. JAMES ST. SW1

1761/2620/4381 sq. ft.

PRESTIGE OFFICES

Lifts C.H. Porter Part A/C

Sole Agents

Ref. MEL

Leavers
36 Bruton Street London W1X 8AD
Telephone 01-629 4261 01-493 2012

READING

(CLOSE)

MODERN FREEHOLD OFFICE BUILDING

4950 SQ.FT. APPROX.
ALL AMENITIES
Sole Agents:—

DRUCE EST 1822
Druce House
23 Manchester Square
London W1A 2DD
Tel 01-486 1252

Site Urgently Required for Sports Complex

Approx. 2½ acres

- Within 8-10 mile radius of Central London.
- Sportsground/facilities considered together with existing industrial / residential premises.

Ref: RN/AJR

WHITE, DRUCE & BROWN
TEL: 01-629 2102

Bairstow Eves

FREEHOLD FOR SALE
Showrooms 7767 sq. ft.
Workshops 9352 sq. ft.
Warehouse 9047 sq. ft.
Frotage to A1000 248 ft.

FINCHLEY, N.12

Apply:
Provincial House,
216-226 Bishopsgate,
London EC2M 4QD.
Tel: 01-377 0137.

PURLEY, SURREY

FREEHOLD SHOP PREMISES FOR SALE

and two upper floors with rear yard, parking and access from service road. Vacant possession of ground floor, upper floors let on registered tenancies.

Offers in excess of £95,000 required.

Apply:
Stuart Edwards & Partners
19 Park Street, Croydon.
01-686 4771.

FOR SALE

GILLINGHAM, KENT. Freehold Warehouse and offices. 8,875 sq ft and Large Yard, for sale. GRIMLEY and SON. 01-836 9254.

HOTEL/DISCO. Rapid sale needed by over extended Developer. Projected sales over £1.3m. Projected profits £800,000. Superbly fitted disco, plush lounge, dining room. 39 en suite bedrooms. Already trading in bars and disco. Bargain at over £700,000. Excellent freehold property in Central Glasgow. Findlay Young and Co. Ltd., 532 Sauchiehall Street, Glasgow G2. Tel: 041-331 1115.

INTERNATIONAL PROPERTY

INTERESTED IN FLORIDA REAL ESTATE?

Miami's largest developer of waterfront condominiums wishes to establish long-term affiliations with qualified brokers, agents and other sales-oriented business contacts to represent its portfolio of more than 3,500 luxury apartments.

SOUTHEASTERN FLORIDA PROPERTIES/ CADILLAC FAIRVIEW FLORIDA

Our American representative, Mr. Gerald Schreiber, may be contacted in person at:
01-235 2000
Hyde Park Hotel
Knightsbridge, London, SW1
June 9-13

Written inquiries should be directed to:
Mr. Gerald Schreiber
Southeastern Florida Properties/
Cadillac Fairview Florida
17905 N.E. 31st Court
North Miami Beach, Florida 33160 U.S.A.
Telephone: 305-931-7880

PROPERTY IN GERMANY

FRANKFURT—OFFICE BUILDING—CITY
DM 35m, rent DM 2.6m
MUNICH—SITE FOR OFFICE BUILDING
Size 4,500 sq ft: DM 13.6m.
More properties on offer.

Please write for brochure to:
Unternehmensmakler Ing. Kaufmann
Genter Weg 8, 7 Stuttgart 8.
West Germany.

COLLIOURE

South of France

Approximately ⅛ of an acre of land *with permission for development of* one luxury chalet. 26 km from Perpignan, 1 km from village. Offers invited.

Tel: Mr. G. Barrett
01-789 5111

FINANCIAL CONSULTANT represents major U.S. Shopping Centre and Office Building Developer exclusively. This developer completed 200 K-Mart Centres. Developer available London June 15 to July 1 to discuss joint ventures and sales of prime U.S. properties. None of these properties are on the market officially.
Contact: C. J. Newman, London. 01-589 1823 or 01-581 1890 for confidential appointments.

LEGAL NOTICES

DARYLL SPORTS LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the creditors of the above-named Company was held at the offices of
LEONARD CURTIS & CO.,
situated at 3/4 Bentinck Street,
London W1A 3BA,
on Thursday the 5th day of June, 1980, at 12 o'clock midday, for the purposes provided for in Sections 294 and 295.
Dated the 21st day of May, 1980.
A. MILLER, Director.

SMITH'S UNIVERSAL CAR HIRE LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the creditors of the above-named Company will be held at the offices of
LEONARD CURTIS & CO.,
situated at 3/4 Bentinck Street,
London W1A 3BA,
on Friday the 6th day of June, 1980, at 12 o'clock midday, for the purposes provided for in Sections 294 and 295.
Dated the 21st day of May 1980.
Z. FICZA, Director.

TRAVEL

SWISS CITY FLIGHTS

Leading specialists in flights to Switzerland from Gatwick.
6 weekly flights to Geneva
4 weekly flights to Zurich
Low season from £69
High season from £79
PLUS Departures to Basle. Berne & flights from Heathrow.
Falcon 01-351 2191
260 Fulham Road, SW10 9EZ

APPOINTMENTS

Financial Director

- FOR THE INTERNATIONAL DIVISION of a major public company with interests in Construction, Mechanical Engineering and Engineering Products. Overseas turnover is around £30m. Outer London base.
- RESPONSIBILITY will be for a small headquarters staff, and for ensuring that functional management overseas is effective. As a member of the management team priorities will concern formulating policy and controlling the financial risk factors involved in international contracting.
- AN ACCOUNTING QUALIFICATION and a successful record embracing international business operations are the requirements. Experience in the construction industry would be an advantage.
- PREFERRED AGE: 30s. Salary negotiable in the range £13,000-£15,000 with car and other benefits.

Write in complete confidence to A. Longland as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
and
21 AINSLIE PLACE EDINBURGH EH3 6AJ

SENIOR ACCOUNTANT

P02(3-7)

Salary Scale: £9,573-£10,533
(Subject to annual review from 1st July)

A major programme of re-organisation and regional development has created this highly attractive post located in Belfast within the Finance Division of the Northern Ireland Housing Executive—the single statutory housing authority in the Province employing a staff of over 4,000 and managing a stock of about 200,000 dwellings.

Reporting to the Chief Accountant you will be responsible for the management of the corporate accounting functions and for the development and enhancement of computer-based systems.

This senior position will be of interest to professionally qualified accountants, preferably aged between 30 and 45 years, who have a detailed knowledge of modern accountancy and financial management techniques coupled with experience of advanced computer procedures.

If you can fulfil these requirements and are keen to progress into this challenging and rewarding position then write or telephone for an application form to:

The Personnel Manager,
Northern Ireland
Housing Executive,
1, College Square East,
Belfast BT1 6BQ.
Telephone Belfast (0232) 44386, Ext. 296.
to whom completed forms should be returned not later than 19th JUNE 1980

Housing Executive

SENIOR FINANCIAL ADMINISTRATOR

P02(3-7)

Salary Scale: £9573-£10,533
(Subject to annual review from 1st July)

A major programme of reorganisation and regional development has created this important post located in Belfast within the Finance Division of the Northern Ireland Housing Executive—the single statutory housing authority in the Province employing a staff of over 4,000 and managing a stock of about 200,000 dwellings.

This is an opportunity for someone preferably aged over thirty-five with sound financial management experience. An appropriate professional or academic qualification is essential.

Reporting directly to the Financial Services Manager you will be responsible for all aspects of the Executive's cash management, including the raising of loans, mainly from Government and money market sources together with involvement in a wide variety of general administrative and management functions.

Ideally you should have a detailed knowledge of modern accounting and financial management. Experience of advanced computer techniques with an interest in systems enhancement and development will be an advantage.

If you are looking for a progressive position within a large scale organisation or seek to broaden your experience for further career development, you should write or telephone now for an application form to:

The Personnel Manager,
Northern Ireland
Housing Executive,
1 College Square East
Belfast BT1 6BQ.
Telephone Belfast (0232) 44388 Ext 296
to whom completed forms should be returned not later than 19th JUNE 1980

Housing Executive

PUBLIC NOTICE

OFFICE OF COURT USHER HUGO LUYTEN

Justitiestraat 9—2000 ANTWERP BELGIUM
TEL. 031/37/76.66

PUBLIC SALE BY ORDER THE COURT

of the sea-going ship

JOCELYNE

In Antwerp—Boatmen's Exchange
Lange Nieuwstraat 14

ON THE 19th JUNE 1980

at 5 p.m. (after the afternoon chartering session)

By decision of the Seizing Judge of the Antwerp Court of First Instance, dated 29th May, 1980, Court Usher Hugo Luyten will proceed, with reserve of higher bid, to the public sale of the sea-going ship "JOCELYNE" flying the British flag, now moored in the port of Antwerp. She is a "dry cargo vessel" built in Bilboa/Spain in 1970. Gross tonnage: 11,525.40. Nett tonnage: 7,312.76—deadweight 19,283 m.t. Length: 146 m. (455 ft). Width: 22.80 m. (75 ft.). Equipped with a MAN-motor: 6-cylinder diesel, type K6Z 70/120 E, 2-stroke cycle single acting, 3,400 bph at 140 rpm.

VIEW: In the port of Antwerp at No. 403 (Mercantile) of the docks only with the permission of the Court Usher on the 16th-17th-18th of June from 10 a.m. until 4 p.m.

CONDITIONS: Available at the Court Usher's Office.

LEGAL NOTICES

SUN-RISE JEWELLERY (REGENTS PARK) LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the creditors of the above named Company will be held at the offices of
LEONARD CURTIS & CO.,
situated at
3/4 Bentinck Street,
London W1A 3BA
on Thursday the 12th day of June 1980, at 12 o'clock midday, for the purposes provided for in Sections 294 and 295.
Dated the 28th day of May 1980.
E. J. ORAM, Director.

ARNGLEN LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the creditors of the above named Company will be held at the offices of
LEONARD CURTIS & CO.,
situated at
3/4 Bentinck Street,
London W1A 3BA
on Tuesday the 17th day of June, 1980, at 12 o'clock midday, for the purposes provided for in Sections 294 and 295.
Dated the 29th day of Mey, 1980.
B. MORRIS, Director.

PREVENTION OF FRAUD (INVESTMENTS) ACT 1958

NOTICE IS HEREBY GIVEN that EBOR SECURITIES LIMITED of 4, Great St. Helens, London EC3P 3EP has relinquished the Principal's licence issued pursuant to Section 3 of the Act having transferred its business to Save & Prosper Securities Limited. EBOR SECURITIES LIMITED has made application to the Department of Trade pursuant to Regulation 5 of the Prevention of Fesud (Investments) Deposit Regulation 1944 (S R & O 1944 No. 541) for the release of the £500 deposited in pursuance of Section 4 of the Act. Any persons having a claim on the funds representing the deposit should send their names and addresses and details of their claim to the Assistant Secretary, Companies Division, Department of Trade, Sanctuary Buildings, Great Smith Street, London SW1 not later than 30th June 1980.

PERSONAL

WHAT did Margaret Lockwood as Queen Alexandra and Polly James as Princess Toria say about the Prime Minister? Why did Edward VII's Queen condone [illegible] 01-836 1171.

PAIR OF ROYAL ALBERT HALL [illegible] (PP) for sale. £12,000. Write Box G.5968, Financial Times, 10, Cannon Street, EC4P 4BY.

MOTHER DEAR. The truth revealed about Edward VII Queen they called mother dear at the Ambassador Theatre. [illegible]

BUSINESSES FOR SALE

Chipboard Manufacturing Enterprise
FOR SALE AS A GOING CONCERN
Chipboard Ltd. (in receivership)

Offers are invited for the assets of Chipboard Ltd., the sole manufacturer of chipboard in the Republic of Ireland. It is located at Scariff, Co. Clare, Ireland: about 30 miles from Limerick City and Shannon Airport. Its range of products include plain chipboard, veneered, melamine faced and felted board, and flooring grade board.

The Receiver is offering for sale the assets of the company free from all encumbrances.

The plant is fully equipped with machinery appropriate to its trade and a skilled workforce of approximately 280 is available.

Interested parties should apply for further details to:

Ray Jackson, F.C.A., Receiver,
Chipboard Ltd. (in Receivership),
Stokes Kennedy Crowley & Assoc.,
Harcourt House, Harcourt Street, Dublin 2.
Tel: (01) 75 79 71. Telex: 24494 SKCD EI

FURNITURE MANUFACTURING BUSINESS

FOR SALE

For sale as a going concern. Long established and highly respected business in Glasgow. The activities comprise the design and manufacture of modern lounge suites. 125,000 sq ft of manufacturing and office space in approximately 5 acres (freehold). Excellent office block and showroom. There is easy access to all motorways.

For further details write to:

COOPERS & LYBRAND C.A.
128 George Street, Edinburgh,
or telephone 031-226 2595.

OFFERS INVITED:

READING AREA	— very profitable well established private Limited Company
SUPPLYING	— Medical, Pharmaceutical and Micro-electronics Industries
MANUFACTURING	— capital goods in wood, plastic and metal
TURNOVER	— 15 months to March 31, 1980, £680,000 incl. Export
NETT PROFIT	— £185,000 before Tax and Directors' payments
PREMISES	— 7,000 sq. ft. leasehold if required
ACCOUNTS AVAILABLE	— write completely confidentially to:

The Chairman, c/o Brading Barber, 12, Market Place, Devizes, Wilts.

FOR SALE
Either separately or as one

DRY AND LIQUID WASTE DISPOSAL CO.
Turnover £500,000. Adjusted profits £75,000. Net assets £150,000. Location TEESSIDE.

TIPPING COMPANY
Turnover £100,000. Location TEESSIDE.
OVER TEN YEARS DAY TIPPING AVAILABLE.
Principals only write Box G5994, Financial Times, 10 Cannon Street, EC4P 4BY.

TWO RESIDENTIAL MOBILE HOME PARKS

FOR SALE

Close to major towns (Southern England) and showing excellent profits, also Caravan Sales Ground with shop/flat (can be purchased separately).

Principals only should write in confidence to:
J. Lewis Scott & Co. (Accountants),
10 The Broadway, Mill Hill, NW7.

Marine Navigation Systems/Electronics—Berkshire

High technology growth company—proven track record—world market leaders with patented shore-based products supplying major energy related customers—modernised 8,500 sq. ft. factory plus offices at low rent on long lease adjacent to M4—audit results year ended March 31, 1980, show turnover of approximately £½m: gross profit £270,000; N.P.B.T. £124,000; asset value £268,000. Approximately £200,000 already invested over last 2 years in new product development supported by Government funding under high technology schemes and due for market release late 1980. Owner wishing to relocate will consider offers above asset value or other propositions which will ensure continued growth of company.

Write, Box G.6006, Financial Times, 10, Cannon Street, EC4P 4BY.

FOR SALE
LONG ESTABLISHED SHIP STORES AND OFFSHORE SUPPLIES DIVISION

The trading assets and goodwill of Buchant and Johnston Ltd. are offered for sale as a going concern. The company is based in Leith with branches at Dundee and Peterhead. *Present turnover c. £500,000 p.a.* in Fresh, Dry and Bonded Stores including Highduty Bond and Bonded Beef out of shared bonded facility. Company strategically placed for further expansion into North Sea supplies.

Further particulars from, and offers to, The Receiver, 26 Abercromby Place, Edinburgh EH3 6QS (031-557 2111). Offers to be submitted in writing to the Receiver by 12 noon, Tuesday, 17th June, 1980.

FOR SALE
ELECTROPLATING COMPANY

Offers are invited for an established Electroplating Company situated in the Midlands within an industrial area close to motorway access. The freehold factory production area is about 25,000 sq. ft. with excellent office and *laboratory accommodation. There is planning permission for an extension.* The plant includes 3 modern automatic plating lines, 3 semi-automatic lines and a polishing shop with facility for centreless tube polishing.

Write Box G.6019, Financial Times, 10 Cannon Street, EC4P 4BY.

DIVERCO Limited

FOR SALE
Profitable
SELF DRIVE
CAR-VAN HIRE

Including contract hire and leasing. Presently 30 new vehicles. Substantial tax allowances. Located South East.

4, BANK STREET
WORCESTER WR1 2EW
Telephones 0905 23644 22303

South of France—Antibes

Complete boating business, high turnover from storage, sales and maintenance of all kinds of power boats from 15 to 45 feet, 6,000 sq. metres excellent modern buildings on 14,400 sq metres site with development potential. Luxurious owners residence, secluded grounds with pool complex. For sale freehold as a going concern. Management team may be retained.

PERMANENT LAND LIMITED
140 Piccadilly, W1V 0AQ.
Tel: 01-493 6846.

Sub-Contract Boring Company
FOR SALE

Located in West of Scotland

25,000 sq ft under cover. Turnover projected £300,000.
NET ASSET VALUE £275,000
12 month order book
Principals only write to Box G5993, Financial Times, 10 Cannon Street, EC4P 4BY.

PLASTIC MOULDING COMPANY
FOR SALE

Injection Moulding Company for sale. Part of a large group—not complementary to group expansion programme. Up to 10½ oz shot weight. Current t/o approx. £350,000. Full order book. Substantial customers. Location Home Counties.
Write Box G6020, Financial Times, 10 Cannon Street, EC4P 4BY.

CAPITAL LOSS COMPANY
Agreed Loss £1M plus

Write Box G6021, Financial Times, 10 Cannon Street, EC4P 4BY.

FOR SALE

Highly successful Northern Retail Group (13 shops) founded 1973 specialising in Unisex Leisure Wear with particular emphasis on JEANS AND TOPS much of which is imported own label.

Gross turnover 1979/80 exceeding £1.2m. Nine retail units generated pre-tax profits of £180,000 (unaudited).

Current year progressing well and profits will be substantial. Capable of further rapid expansion. Write Box G6017, Financial Times, 10 Cannon Street, EC4P 4BY.

Unique opportunity to acquire London based, small highly successful

LIGHT ENGINEERING COMPANY

established 30 years, specialising in quality Turned Parts and Electronic Sheet Metal Work. Factory 4,500 sq ft, 6 year lease. Turnover in excess of £200,000. Highly profitable. Ideal for large organisation requiring London self-contained unit to augment manufacturing production.
Principals only write Box G5988, Financial Times, 10 Cannon Street, EC4P 4BY.

TRAVEL AGENCY FOR SALE

Progressive, well connected, Travel Agency Business for sale. Current turnover is in excess of £250,000 and increasing rapidly. The company employs experienced and qualified staff with proven track record. Price required £40,000.
Principals only to apply for further details to Box G6015, Financial Times, 10 Cannon Street, EC4P 4BY.

TRANSFORMER MANUFACTURING COMPANY

Established 5 years. Excellent facilities, good staff. Full order book. Also on offer fully developed new electronic product manufactured with common resources applying new technology. Company has tax losses of £45K available. Majority holding offer—£85K cash required. Business operating profitably. Existing team willing to continue.
Telephone Hitchin (04621) 4860 or 52401.

FOR SALE
RETAIL AND PUBLISHING ORGANISATION

£2m profit, £8m T/O, property assets in excess of £2m. Company expanding rapidly on retained earnings, no debts. £8,500,000 in cash or shares.

MORGAN LOVELL
23 Golden Square, London W1R 3PA.
Tel: 01-734 1573.

METAL PLATING AND FINISHING

Business and assets for sale including freehold of modern 20,000 ft factory on acre site near M4. Fully automatic plating plant with capacity of 1,700 tons of steel throughout per annum. Also available distributor of drawn tubes marketed with bar from plating plant. Write Box G6005, Financial Times, 10 Cannon Street, EC4P 4BY.

GROUP RETAIL

JEWELLERS

Turnover in excess of £400,000. Ample scope for improvement. All units staffed.
Write Box G6012, Financial Times 10 Cannon Street, EC4P 4BY.

IATA/ABTA AGENCY FOR SALE IN NW LONDON
T/O £1.5M
Offers invited.
Please apply, principals only, to Box G6013, Financial Times, 10 Cannon Street, EC4P 4BY.

BUSINESSES FOR SALE/WANTED
Appears every Friday
Contact:
DIANE STEWARD
01-248 5284

CENTRAL BRIGHTON SEAFRONT HOTELS

Private hotelier wishes to dispose of substantial Brighton seafront hotel interests either individually or as a whole. (Largest hotel is in excess of 100 bedrooms, with scope for a further 50, and has extensive public facilities.) All Freebold.

Write Box G5989, Financial Times 10 Cannon Street, EC4P 4BY

SPORTS GROUND CONTRACTORS LAND RECLAMATION & LANDSCAPING

Old established company, West Midlands

Small specialist team

Turnover £700,000 pa

Good Order Book

Write Box G6018, Financial Times, 10 Cannon St., EC4P 4BY

FOR SALE
Printers and Manufacturers of rigid boxes, cartons, board games and jigsaw puzzles

Situated on the border of the East and West Midlands 5 miles from M6 and 5 miles from M69 Motorways

Two manufacturing units located within 1 mile of each other comprising litho and letterpress printing rooms, varnishing, cutting, creasing and glueing facilities.
The two freehold premises used for manufacturing and offices are 33,000 sq ft and 29,000 sq ft with additional leasehold warehousing of 22,500 sq ft. There is a freehold factory of 21,500 sq ft which is now empty and available for sale with vacant possession.
The present workforce is 250 and the annual turnover is £1.7m with capacity for substantial increase.

For further details please write to:
Box No. FT/621, c/o Hanway House
Clark's Place, Bishopsgate, London, EC2

BRUSSELS LOCATED BELGIAN FIRM
Trading internationally for many years, proposes co-operation

Write Box G6024, Financial Times, 10 Cannon St., EC4P 4BY

Old Established
TIMBER-FRAMED SYSTEM BUILDING MANUFACTURER

Lancashire. Old-established family business. Modern plant. Well-equipped single storey sprinklered works. 82,000 sq. ft. with 2-storey office.

Projected sales 1980: £2.4m

Write Box G.6004, Financial Times, 10 Cannon Street, EC4P 4BY.

HYDRAULIC CYLINDER MANUFACTURING CO. FOR SALE

Located in west of Scotland

25,000 sq ft under cover. Turnover £600,000.
NET ASSET VALUE £300,000.
Principals only write to Box G5986, Financial Times, 10 Cannon Street, EC4P 4BY.

For Disposal by the Receivers
ASSETS AND BUSINESS AS A GOING CONCERN
EXPERIENCED DESIGNERS AND MANUFACTURERS OF MICROPROCESSOR BASED COMPUTER SYSTEMS AND RELATED PERIPHERAL PRODUCTS

Based 25 miles west of London
Turnover about £1.6 million from July 1979 to end May 1980
Further details from P.O. Box No. 1, 30 High Street, High Wycombe. Ref. D.E.B.

CASH BUSINESS FOR SALE

A busy hot/cold take-away sandwich business in prime central position of a major North of England city. Turnover heading for £75,000 plus this year. Long lease. Write Box G6009, Financial Times, 10 Cannon Street, EC4P 4BY.

INTERNATIONAL REMOVAL AND HAULAGE COMPANY FOR SALE

Fully equipped Vehicles, Workshop, Transport Yard and Warehouse with excellent offices. All equipment maintained to a high standard. Located in north Kent on busy industrial estate.
For further details write Box G6008, Financial Times, 10 Cannon Street, EC4P 4BY.

FOR SALE
LEGAL/MANAGEMENT JOURNAL

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Interested in acquiring whole or majority shareholding in medium sized companies with immediate cash flow problems and/or with long term fixed loan capital.
Write Box G5924, Financial Times, 10 Cannon Street, EC4P 4BY.

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within the marine industry wishes opportunities to purchase companies in this or closely allied fields. Write fully including details of any manufacturing facilities to:
Box G5489, Financial Times, 10 Cannon Street, EC4P 4BY.

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Tel. Christie & Co. 01-487 4335 32 Baker St., London W1

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In 6 acres close to large population, 8 squash courts, swimming pool, 3 bars, superb nightclub, restaurant 2am lic.. T/O in excess £6,000 pw. Price £465,000 Freehold or offers.
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32 Baker Street, London W1.

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Tools/Equipment to industry with established reputation for good service. Some facilities needed for in-house work. Solid background to enquirer.
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is seeking to purchase a similar company, with agreed tax losses. Please reply in strictest confidence to Accountant, Box G6014, Financial Times, 10 Cannon Street, EC4P 4BY.

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HUNTING GIBSON LIMITED, a national public company having diverse interests, wishes to acquire active participation in established sub-contracting specialists in any trade. Ample funds are available to support development and growth utilising existing progressive management.
Reply to The Secretary,
Hunting Gibson Limited, 118-127, Park Lane, London W1Y 4HN.
Telephone: 01-493 0761.

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Successful privately-owned childrenswear company seeks acquisition of smaller company in similar field with turnover of up to £500,000. London or South East preferred. Intention to retain existing management. Principals only please.
Write Box G6007, Financial Times, 10 Cannon Street, EC4P 4BY.

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Edge of Bronte Land. Family business, main road position. Seats 70. Lounge and Bar on ground floor, with lounges and small private Dining Room on first floor. Adequate Car Park. Price £120,000.
K. W. Howarth & Co.,
Chartered Accountants,
36 Clare Road, Halifax.

COMPANY NOTICES

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO HOLDERS OF ORDINARY SHARE WARRANTS TO BEARER

PAYMENT OF COUPON NO. 93

With reference to the notice of declaration of dividend advertised in the Press on 3rd June, 1980, the following information is published for the guidance of holders of share warrants to bearer.

The dividend of 50 cents per share was declared in South African currency. South African non-resident shareholders' tax at 6.842 cents per share will be deducted from the dividend payable in respect of all share warrant coupons leaving a net dividend of 43.158 cents per share.

The dividend on bearer shares will be paid on or after 25th July, 1980, against surrender of coupon No. 93 detached from share warrants to bearer as under:—

(a) At the offices of the following continental paying agents:—

Credit du Nord,
6-8 Boulevard Haussmann,
75009 Paris.

Banque Bruxelles Lambert,
2 Rue de la Regence,
1000 Brussels.

Societe Generale de Banque,
3 Montagne du Parc,
1000 Brussels.

Swiss Bank Corporation,
1 Aeschenvorstadt,
Basle 4002.

Banque International a Luxembourg SA,
2 Boulevard Royal,
Luxembourg.

Union Bank of Switzerland,
Bahnhofstrasse 45,
Zurich.

Payments in respect of coupons lodged at the office of a Continental paying agent will be made in South African currency to an authorised dealer in exchange in the Republic of South Africa nominated by the Continental paying agent. Instructions regarding disposal of the proceeds of the payment so made can only be given to such authorised dealer by the Continental paying agent concerned.

(b) At the London Bearer Reception Office of Charter Consolidated Limited, 40 Holborn Viaduct, London EC1P 1AJ. Unless persons depositing coupons at such office request payment in rand to an address in the Republic of South Africa, payment will be made in United Kingdom currency as follows:—

(i) in respect of coupons lodged prior to 11th July, 1980, at the United Kingdom currency equivalent of the rand currency value of their dividend on 15th July, 1980, or;

(ii) in respect of coupons lodged during the period 11th July, 1980, to 16th July, 1980, both days inclusive at the United Kingdom currency equivalent of the rand currency value of their dividend on 21st July, 1980, or;

(iii) in respect of coupons lodged on or after 17th July, 1980, at the prevailing rate of exchange on the day the proceeds are remitted, through an authorised dealer in exchange in Johannesburg to the London Bearer Reception Office.

Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturday excepted) between the hours of 10 a.m. and 3 p.m.

United Kingdom income tax will be deducted from payments to any person in the United Kingdom in respect of coupons deposited at the London Bearer Reception Office, unless such coupons are accompanied by Inland Revenue non-residence declaration forms. Where such deduction is made, the net amount of the dividend will be the United Kingdom currency equivalent of 35 cents per share in terms of sub-paragraph (b) above arrived at as under:—

	South African Currency Cents Per Share
Amount of dividend declared	50.00
Less: South African non-resident Shareholders' tax at 13.684%	6.842
	43.158
Less: U.K. income tax at 16.316% on the gross amount of the dividend of 50 cents	8.158
	35.00

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
J. C. Greensmith

London Office:
40 Holborn Viaduct,
EC1P 1AJ.

5th June, 1980

Note:
The Company has been requested by the Commissioners of Inland Revenue to state:

Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 16.316% instead of the basic rate of 30% represents an allowance of credit at the rate of 13.684%.

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
(Incorporated in the Republic of South Africa)

GOLD MINING COMPANIES' DIVIDENDS

The following dividends have been declared payable in the currency of the Republic of South Africa, to members registered in the books of the companies concerned at the close of business on Friday, 27th June 1980 and, where applicable in the case of The Randfontein Estates Gold Mining Company, Witwatersrand, Limited, to persons presenting to the London Bearer Reception Office Coupon No. 90 detached from share warrants to bearer in terms of a notice to be issued by the London Secretaries and published in July 1980.

Companies (All incorporated in the Republic of South Africa)	Dividend Number	Per share/unit of stock Cents
Elsburg Gold Mining Company Limited	14	26
The Randfontein Estates Gold Mining Company, Witwatersrand, Limited	80	850
Western Areas Gold Mining Company Limited	30	40

The dividends are declared subject to conditions which can be inspected at or obtained from the companies' Johannesburg office or from the office of the London Secretaries (Barnato Brothers Limited of 99 Bishopsgate, London EC2M 3XE).

Subject to the said conditions, payment by the London Secretaries and the London Bearer Reception Office will be made in United Kingdom currency at the rate of exchange quoted by the company's bankers on 28th July, 1980, provided that in the event of the company's bankers being unable to quote such a rate of exchange on that day, then the currency of the Republic shall be converted at the rate of exchange quoted by the company's bankers on the next succeeding day on which such a rate is quoted.

Dividend warrants dated 8th August, 1980 will be posted from either the Johannesburg office or the office of the London Secretaries, as appropriate, on 7th August, 1980.

South African Non-Resident Shareholders' Tax at the rate of 15% and United Kingdom Income Tax will be deducted from the dividends where applicable.

The Share Transfer Books and Registers of Members will be closed from 28th June to 4th July, 1980, both days inclusive.

Members are asked to note that future dividends will be declared towards the end of December for payment early in the following March and towards the end of June for payment early in the following September.

By Order of the Boards,
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
Secretaries
per: M. J. Meyer.

Head Offices and Registered Offices:
Consolidated Building,
Corner of Fox and Harrison Streets,
P.O. Box 590,
JOHANNESBURG 2000.
5th June, 1980.

VILLE DE MONTREAL
40,000,000 Canadian Dollars 10% Bonds Due 1989

Pursuant to the provisions of the Purchase Fund, notice is hereby given to Bondholders that nominal Cdn$ 4,000,000.- have been purchased for the Purchase Fund during the twelve-month period commencing June 1, 1979.

Amount outstanding: Cdn$ 36,000,000.-

June 6, 1980.

VILLE DE MONTREAL
Québec, Canada

PUBLIC NOTICES

DUDLEY METROPOLITAN BOROUGH

£2,100,000 Bills issued 5.6.80 maturing 4.9.80. £2,100,000 Bills issued at 16 5-64ths%. Total applications £23,100,000. Bills outstanding £6,400,000.

STRATHCLYDE REGIONAL COUNCIL

£6m Bills issued 4.6.80 maturing 3.9.80. £6m Bills issued at 16 5-64ths%. Total *application £46m—Bills outstanding* £24m.

NORTHAMPTON BOROUGH COUNCIL

£940,000.00 Bills issued 4.6.80 maturing 3.9.80. £940,000 Bills issued at 16 5-64ths%. Total applications £10,839,000. Bills outstanding £949,000.

NCHANGA CONSOLIDATED COPPER MINES LIMITED
(Incorporated in the Republic of Zambia)

NOTICE TO HOLDERS OF 5½ PER CENT AND 5 PER CENT REDEEMABLE CUMULATIVE PREFERENCE SHARES
Preference Dividend No. 21
for six months ending 30th June, 1980

The directors of Nchanga Consolidated Copper Mines Limited announce the declaration of a dividend on the 5½ per cent and 5 per cent redeemable cumulative preference shares in respect of the six months period ending 30th June, 1980 at the rate of 5½ per cent per annum and 5 per cent per annum, respectively, less Zambian withholding tax at the rate of 30 per cent, equivalent to a net dividend of 4.4 per cent per annum and 4 per cent per annum, respectively. The dividend is payable to preference shareholders registered in the books of the company at the close of business on Friday, 13th June, 1980.

The transfer registers will be closed from 16th to 30th June, 1980, both dates inclusive, and dividend warrants will be posted on or about Monday, 30th June, 1980.

In the case of dividends payable by the United Kingdom paying agents to preference shareholders whose registered addresses are in the United Kingdom or to preference shareholders who have mandated payment to addresses in the United Kingdom, there will be deducted United Kingdom Income Tax at the basic rate reduced, for double taxation relief purposes, by the allowable rate of Zambian withholding tax (at present 15 per cent), except where authority has been received from the Inspector of Foreign Dividends not to deduct United Kingdom tax. In all other cases, no United Kingdom tax will be deducted.

The payment of preference dividends is subject to the Zambian exchange control regulations. The provisions of the present regulations are such that the remission of dividends is permitted only at the end of the financial year of the Zambian companies declaring such dividends and is subject to the amount being remitted not exceeding 50 per cent of the proportion of the profit attributable to the external shareholders after tax or 15 per cent of the capital of the company attributable to those shareholders, whichever is the lesser.

The company's last financial year ended on 31st March, 1980. Since then, application has been made for, and the exchange control authorities have granted the company, permission to remit preference dividend No. 20 in respect of the six months period ended 31st December, 1979. Accordingly, dividend No. 20 has been remitted to shareholders resident outside Zambia. An application will be made after the record date on 13th June, 1980 for permission to remit preference dividend No. 21 in respect of the six months period ending 30th June, 1980.

By Order of the Board
M. SHANDAVU
Company Secretary

74 Independence Avenue
Lusaka, Zambia

5th June, 1980

AFRICAN AND EUROPEAN INVESTMENT COMPANY LIMITED
(Incorporated in the Republic of South Africa)

PREFERENCE DIVIDEND NO. 64

Dividend No. 64 of three per cent for the six months ending June 30 1980, has been declared payable on August 15 1980 to holders of the six per cent cumulative preference stock registered in the books of the company at the close of business on June 20 1980, and to persons presenting coupon No. 64 detached from stock warrants to bearer. A notice regarding payment of the dividend on coupon No. 64 detached from stock warrants to bearer will be published in the Press by the London Secretaries of the company on or about June 13 1980.

The preference stock transfer registers and registers of stockholders will be closed from June 21 1980 to July 4 1980, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about August 14 1980. Registered preference stockholders paid from the United Kingdom will receive the United Kingdom currency equivalent on August 5 1980 of the rand value of their dividend (less appropriate taxes). Any such preference stockholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the company's transfer secretaries on or before June 20 1980.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and at the offices of the company's transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001 and Charter Consolidated Limited, Charter House, Park Street, Ashford, Kent TN24 8EQ.

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: B. d. Saunders
Divisional Secretary

Head Office:
44 Main Street
Johannesburg 2001

London Office:
40 Holborn Viaduct
EC1P 1AJ
June 6 1980

BLUE CIRCLE INDUSTRIES LIMITED

NOTICE TO HOLDERS OF BEARER STOCK WARRANTS

NOTICE IS HEREBY GIVEN that the Eighty-first Annual General Meeting of Blue Circle Industries Limited will be held at The Carlton Tower Hotel, Cadogan Place, London, SW1 on Monday, 30th June, 1980 at 12 noon for the purposes following namely:

1. To receive the Report of the Directors and the audited Accounts for the year ended 31st December, 1979.
2. To re-elect the following directors who retire by rotation:
   (a) Mr. H. M. Bull
   (b) Mr. T. R. Chesterfield
   (c) The Lord Schon
3. To re-appoint Messrs. Pannell Fitzpatrick & Co. to hold office as Auditors of the Company until the conclusion of the next Annual General Meeting.

NOTICE IS ALSO GIVEN that a Second Interim Dividend of 6.7 pence per £1 ordinary stock unit on account of the year ended 31st December, 1979 will be paid on or after Wednesday, 11th June, 1980 to holders of Bearer Stock Warrants upon presentation of COUPONS NO. 38.

Warrant holders who are employees of Blue Circle Industries Limited or any of its subsidiary companies, should follow the instructions shortly to be displayed on company notice boards; warrant holders who are not employees must present their COUPONS NO. 38 to the Company at the address shown below on or after 11th June, 1980.

The Directors do not intend to recommend any further dividend on the Ordinary Stock in respect of 1979.

By Order of the Board,
H. W. R. HAM, Secretary.

Portland House,
Stag Place,
London SW1E 5BJ.
6th June, 1980.

NOTE: Subject to compliance with conditions 16-19 of the Conditions of Issue endorsed on the Company's Stock Warrants, a warrant holder may attend and vote at the meeting or may appoint a proxy to attend and on a poll vote instead of him. A proxy need not be a Member of the Company.

ANGLO AMERICAN INVESTMENT TRUST LIMITED
(Incorporated in the Republic of South Africa)

PREFERENCE DIVIDEND

Dividend No. 51 of three per cent for the six months ending June 30 1980, has been declared payable to holders of the six per cent cumulative preference shares who are registered in the books of the company at the close of business on June 20 1980.

The preference share transfer registers and registers of members will be closed from June 21 1980 to July 4 1980 both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about August 14 1980. Registered preference shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on August 5 1980 of the rand value of their dividends (less appropriate taxes). Any such preference shareholders may, however, elect to be paid in South African currency provided that any such request is received at the offices of the company's transfer secretaries on or before June 20 1980.

The effective rate of non-resident shareholders' tax is 14.9375 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and also at the offices of the company's transfer secretaries Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001 and Charter Consolidated Limited, Charter House, Park Street, Ashford, Kent TN24 8EQ.

By order of the board
Anglo American Corporation of South Africa Limited
Secretaries
per H. J. E. Stanley
Companies Secretary

Head Office:
44 Main Street
Johannesburg
2001

June 6 1980

GRANGES AKTIEBOLAG

Copies of the Annual Report for 1979 are now obtainable from:—
S. G. Warburg & Co. Ltd.,
Coupons Department,
St. Albans House,
Goldsmith Street,
London EC2P 2DL.
6th June, 1980.

EXHIBITIONS

THE PALLADIUM CELLARS Now Open. New! Exciting! Moving! An action packed underworld of entertainment. A journey into fun, fear and fantasy. Open daily 10 am to 8 pm. Sunday 12 noon to 6 pm. 01-437 3503. Prices: Adults £2, children £1. For special party rates tel. 01-437 3563.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 734 0557.

GARGOYLE, 69, Dean Street, London, W1. NEW STRIPTEASE FLOORSHOW "CLOSE ENCOUNTERS" 11-2.30 am. Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

WORLD STOCK MARKETS

Dow 4.6 higher at midsession

IN VERY heavy early trading yesterday, Wall Street extended Wednesday's sharp gain as interest rates continued to decline.

The Dow Jones Industrial Average, after rising 14 points the previous day, improved 4.61 more to 862.63 at 1 pm. The NYSE All Common Index added 43 cents at $64.67, while advances held a two-to-one ratio lead over falls. Turnover further increased to 34.74m shares from Wednesday's 1 pm level of 28.51m.

A few more banks cut their Prime Rate yesterday morning to 13 per cent from 14 per cent and the Bond market rally continued. However, analysts said investors are expecting a market pullback before long because of its strong gain over the past seven weeks.

Investors "keep looking over their shoulders" for a market correction said Hildegard Zagorski, of Bache Halsey Stuart Shields, but added that while the market now expects a severe recession, it is uncertain if it will be long or short.

ERC jumped $11 to $92 in over-the-counter trading. Getty Oil has offered to acquire ERC for $97 a share, Getty lost 2¾ to $80.

Diamond International rose 3¾ to $50. It is holding discussions aimed at ending its take-over fight with Cavenham, including talks that might result in a tender offer by another company.

Mobil eased ⅞ to $75⅛. It has halted drilling in a confirmation well in the Hibernia area off Newfoundland because of mechanical problems.

Volume leader Gulf United advanced 1⅛ to $21. Blocks of 250,000 and 100,000 shares were traded at $21⅛.

THE AMERICAN SE Market Value Index climbed 2.61 to 281.79 at 1 pm on volume of 3.84m shares (3.91m).

Closing prices for North America were not available for this edition.

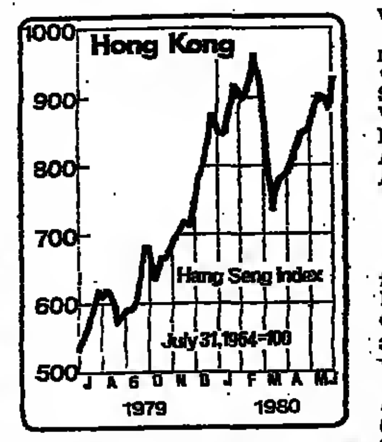
Canada

Markets remained in firm fettle yesterday morning in busy trading. The Toronto Composite Index, up 31.6 on Wednesday, was 8.0 higher at 2,024.4 at noon. Golds gained 47.4 to 3,574.4 and Oil and Gas 29.9 to 4,479.4.

Hong Kong

The market moved sharply ahead yesterday in very active trading, leaving the Hang Seng index 19.42 stronger at 925.49. Turnover on the four Hong Kong stock exchanges swelled to HK$221.03m from Wednesday's HK$95.48m.

Sentiment was boosted by the latest round of U.S. Prime Rate cuts and by very liquid local money market conditions, which fuelled speculation that local interest rates might be further reduced.



Also enlivening trading were market rumours that Hongkong and Shanghai Banking was planning to bid for the minority interest in Hang Seng Bank, which advanced HK$6 to HK$11. HK Banking rose 20 cents to HK$14.60.

HK Wharf gained HK$2 to HK$66, Hutchison Whampoa 10 cents to HK$8.20, Swire Pacific "A" 15 cents to HK$7.30, HK Land 30 cents to HK$11.50, HK Hotels 25 cents to HK$34.50 and SHK Properties 20 cents to HK$9.80.

Australia

Oils and Gold issues showed renewed buoyancy yesterday, the latter boosted by the strong Bullion price. Some other Metal Mining stocks with gold interests also moved sharply ahead, while other sectors of the market remained firmer-inclined. The Sydney All Ordinaries index climbed 9.56 to 875.18 and the Metals and Minerals index 122.46 to 5,613.73.

Gold Mines of Kalgoorlie put on A$1.00 to A$7.00, Central Norseman 40 cents to A$8.90, Poseidon 35 cents to A$3.75 and Emperor 12 cents to A$2.05.

Western Mining added 25 cents at A$5.10, MIM 22 cents at A$4.70 and Bougainville 20 cents at A$2.60, but CRA weakened 14 cents to A$5.50.

In the Oils group, Woodside moved ahead 19 cents to A$3.18, Crusader 20 cents to A$3.70, Santos 30 cents to A$14.60, Vamgas 30 cents to A$6.60, Bridge Oil 25 cents to A$4.25 and Ampol Exploration 10 cents to A$2.70.

Tokyo

The overall market was mixed following another moderate business, but Trading Houses, Coals, Non-ferrous Metals, Steels and some speculatives performed well.

The Nikkei-Dow Jones Average recovered 25.61 to 6,821.24 and the Tokyo SE index 0.49 to 464.61, although declining issues narrowly led gains by 296 to 283 on the First Market section. Volume came to 250m shares, the same as on Wednesday.

Speculatives falling sharply the previous day staged a good rally. Nippon Signal rose Y25 to Y600, Kyosan Seisakusho Y38 to Y366 and Ikegai Iron Works Y34 to Y419. Japan Wool advanced Y30 to Y894 despite tighter margin trading controls.

Non-ferrous Metals responded to the rise in Gold prices, with Furukawa Mining gaining Y17 to Y278, Dowa Mining Y7 to Y606 and Mitsui Mining and Smelting Y7 to Y140.

Among Trading Houses, Mitsui climbed Y16 to Y365, Mitsubishi Y6 to Y677 and C. Itoh Y7 to Y442, while elsewhere, Mitsui Mining strengthened Y70 to Y860 and Kobe Steel Y3 to Y169.

Mixed Light Electricals had bright spots in Victor, up Y40 at Y1,510, and TDK, Y30 higher at Y2,050, but among Oils, Teikoku fell Y40 to Y1,340 and Nippon Oil Y20 to Y2,150.

Paris

Shares tended to improve on selective support. Bourse sources said the fact that there had been some buying despite public sector strikes in France yesterday in protest against social security system reforms was indicative of the market's buoyant undertone.

Johannesburg

The further advance in international Bullion prices spurred most Gold shares higher, with Mining Financials following suit. Amgold rose R2.00 to R92.00, FS Geduld R1.50 to R61.50 and East Driefontein R1.00 to R27.75. However, despite a sharply higher final dividend, Buffelsfontein shed 25 cents to R44.25. Also following dividend declarations, Stilfontein lost 15 cents to R29.60, while West Rand Consolidated closed unchanged at R6.50, after initially improving to R6.75.

Platinums and Industrials were firmer. Barlow Rand put on 20 cents to R9.95.

Germany

Closed for the Corpus Christi holiday.

Indices

NEW YORK —DOW JONES

	June 4	June 3	June 2	May 30	May 29	May 28	1980 High	1980 Low	Since C'mpile'n High	Since C'mpile'n Low
◆ Industr'ls	858.22	843.77	847.85	850.85	846.25	860.32	903.84 (13/2)	759.13 (21/4)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	72.66	72.56	72.46	72.55	72.59	72.38	74.61 (9/1)	63.67 (28/3)	—	—
Transport	273.48	270.67	268.56	269.25	268.14	271.20	305.80 (8/2)	233.69 (27/3)	305.80 (8/2/80)	12.23 (8/7/32)
Utilities	109.28	109.77	109.28	110.28	109.91	110.46	110.46 (18/2)	96.04 (27/3)	163.32 (20/4/69)	10.02 (28/4/42)
Trading Vol 000's	44,189	53,100	32,710	64,820	42,000	66,580	—	—	—	—

◆ Day's high 860.49 low 842.75

Ind. div. yield %	May 30	May 23	May 16	Year ago (approx)
	6.10	7.10	6.60	5.16

STANDARD AND POORS

	June 4	June 3	June 2	May 30	May 29	May 28	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	126.78	124.26	124.55	125.05	125.92	126.06	134.47 (13/2)	111.09 (27/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	112.61	110.51	110.76	111.24	110.27	112.06	118.44 (13/2)	98.22 (13/2)	125.85 (11/1/73)	4.40 (1/6/32)

	May 28	May 21	May 14	Year ago (approx)
Ind. div. yield %	5.30	5.33	5.58	5.38
Ind. P/E Ratio	7.77	7.46	7.38	8.38
Long Gov. Bond Yield	10.13	10.26	10.12	8.98

N.Y.S.E. ALL COMMON

June 4	June 3	June 2	May 30	1980 High	1980 Low
64.24	63.11	63.28	63.44	67.77 (13/2)	55.30 (27/3)

Rises and Falls	June 4	June 3	June 2
Issues Traded	1,890	1,881	1,901
Rises	1,150	639	674
Falls	398	700	830
Unchanged	338	443	408
New Highs	50	00	31
New Lows	4	4	3

MONTREAL

	June 4	June 3	June 2	May 30	1980 High	1980 Low
Industrial	366.39	358.35	358.46	367.78	423.80 (29/2)	323.21 (27/3)
Combined	341.92	336.49	336.42	355.07	378.98 (29/2)	290.30 (27/3)
TORONTO Composite	2016.4	1984.8	1981.2	1971.7	2182.6 (29/2)	1702.5 (27/3)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
IBM	904,700	58⅞	+1⅛	Mobil	514,700	75⅞	+1⅛
Citicorp	803,500	22¼	+1	City Invest.	455,400	28	−1⅛
Amer. Cyanamid	657,100	29¼	−⅛	Am. Tel. & Tel.	384,500	52⅞	+⅛
Massey-Ferguson	652,300	6⅞	−½	Phillips Petrolm.	382,200	47	+1⅛
Kerr McGee	548,000	81½	−6	Benguet	352,300	11⅞	+1⅛

	June 5	June 4	June 3	June 2	1980 High	1980 Low
AUSTRALIA						
Sydney All Ord. (1/1/80)	875.18	865.62	868.21	867.44	947.47 (14/2)	760.00 (2/1)
Metals & Minls (1/1/80)	5613.73	5491.27	5564.59	5503.95	6680.35 (14/2)	4581.28 (28/3)
AUSTRIA						
Credit Aktien (2/1/62)	(c)	67.22	67.32	67.59	69.49 (7/1)	67.22 (4/6)
BELGIUM						
Belgian SE (31/12/63)	96.68	95.04	96.74	96.81	105.75 (11/2)	90.14 (31/3)
DENMARK						
Copenhagen SE (1/1/73)	(c)	78.27	78.18	77.83	88.74 (2/1)	74.78 (6/3)
FRANCE						
CAC General (29/12/61)	109.3	108.8	108.7	108.0	117.80 (22/2)	97.1 (3/1)
Ind Tendance (28/12/79)	106.4	105.9	105.7	105.9	109.70 (13/2)	95.60 (3/1)
GERMANY						
FAZ-Aktien 31/12/58	(c)	223.61	224.18	224.65	239.89 (25/2)	212.75 (28/3)
Commerzbank (Dec. 1953)	(c)	702.5	702.7	706.8	748.2 (25/2)	667.0 (27/3)
HOLLAND						
ANP-CBS General (1970)	85.5	84.1	84.4	84.9	87.5 (11/2)	74.5 (27/3)
ANP-CBS Indust. (1970)	65.9	65.5	65.6	65.4	68.2 (11/1)	58.2 (28/3)
HONG KONG						
Hang Seng Bank (31/7/64)	925.49	906.07	888.38	881.87	953.17 (15/2)	738.9 (18/3)
ITALY						
Banca Comm. Ital (1972)	97.76	97.43	97.12	96.35	97.76 (5/6)	66.11 (2/1)
JAPAN						
Dow Average (16/5/49)	6821.24	6795.63	6825.16	6862.78	6904.81 (25/4)	6475.95 (27/3)
Tokyo New SE (4/1/68)	464.51	464.12	466.84	468.78	472.85 (14/2)	448.51 (10/3)
NORWAY						
Oslo SE (1/1/72)	132.81	130.29	129.51	130.56	144.78 (14/2)	118.12 (28/6)
SINGAPORE						
Straits Times (1966)	522.21	522.53	520.49	515.89	522.50 (4/6)	423.75 (6/1)
SOUTH AFRICA						
Gold (1958)	(u)	815.7	805.5	851.6	851.6 (2/6)	605.0 (4/1)
Industrial (1958)	(u)	517.6	518.8	520.8	529.1 (28/5)	456.0 (28/1)
SPAIN						
Madrid SE (28/12/79)	(c)	97.97	97.58	(c)	106.29 (21/2)	95.76 (13/6)
SWEDEN						
Jacobson & P. (1/1/58)	370.58	370.50	370.18	367.54	386.99 (8/2)	354.72 (17/1)
SWITZERLAND						
Swiss Bank Co. (31/12/58)	294.8	293.8	290.4	292.1	317.8 (11/2)	284.3 (22/4)
WORLD						
Capital Intl. (1/1/70)	—	137.8	138.4	138.9	145.3 (13/2)	120.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

COMMODITIES AND AGRICULTURE

Boost for world cobalt output

BY GEORGE MILLING-STANLEY

A PROJECT to boost non-Communist world cobalt production by about 25 per cent from the current level of 24,000 tonnes was unveiled yesterday.

Zambia Engineering Services, a wholly-owned subsidiary of Nchanga Consolidated Copper Mines, has announced details of a two-stage plan to expand cobalt output at the NCCM Rhokana plant in Zambia.

The first stage involves the construction of a £65m cobalt refinery, which is due to be commissioned early in 1982 and will produce 2,600 tonnes of cobalt per year. Stage two is an expansion of the plant, aimed at boosting its annual production to some 5,000 tonnes at a further cost of £25m to complete.

The development is of particular importance for the metallurgical and chemical industries in the aero engine, petrochemical, oil refining and electronics fields, all of which have an essential requirement for the metal, one of earth's rarest.

One of the key factors affecting demand for cobalt is the need for international airlines to re-equip their aircraft with quieter, cleaner and more fuel-efficient engines.

The metal is currently selling at around £25,000 per tonne.

ZES is also involved in a further project to lift cobalt output by treating the tailings from the Rhokana copper smelter to produce a further 700 tonnes per year.

Zambia is currently the second largest producer of cobalt in the free world with about 3,750 tonnes per year following Zaire with an estimated 14,000 tonnes.

These projects would lift Zambia's production to about 10,000 tonnes by 1985, of which NCCM would account for around 7,500 tonnes.

Wheat sales to China

CHINA HAS purchased 1.4m tonnes of Canadian wheat for delivery in the second year of a three-year sales agreement and, for the first time, has taken a quantity of Red Winter wheat.

The Canadian wheat board said shipment will begin in August from Pacific ports and continue for six months, but did not disclose prices received for the grain.

Sales in the first year of the agreement totalled 2m tonnes. The three-year agreement cover sales of up to 8.4m tonnes.

U.S. grain sales to the USSR, directly or indirectly via third countries, reached record levels this year in spite of the partial U.S. embargo on grain exports to the Soviets, EEC experts said.

According to figures made available to a meeting of grain experts in Brussels last month, more than 15m tonnes of U.S. wheat and feed grains were sold to the USSR in the current season, compared with sales of just over 11m tonnes in the 1978-79 season.

Meanwhile in Queensland, International Wool Secretariat Area Director for Eastern Europe Oscar Ransart, has warned that it would be economic suicide for Australia to boycott wool sales to the USSR.

He was addressing a conference held by the Queensland branch of the United Graziers Association which will be debating several resolutions concerning possible trade bans against the USSR because of the invasion of Afghanistan.

Mr. Ransart said Australia had been the main beneficiary of the USSR's sharply increased wool buying in recent years. Reuter

Hopes raised of new cocoa pact

BY JOHN EDWARDS, COMMODITIES EDITOR

HOPES of a new International Cocoa Agreement being negotiated were raised yesterday when the International Cocoa Council decided to adjourn its meeting in London until September 8 and postpone liquidation of its buffer stock fund.

This follows an appeal from Mr. Gamani Corea, secretary-general of the UN Conference on Trade and Development (Unctad), for new efforts to be made to improve co-operation between producing and consuming countries following the collapse of the cocoa pact in March.

The decision to adjourn the Council meeting will give time for Unctad to continue informal consultations with a view to convening a conference in Geneva from July 28 to August 8 to examine the prospects for a new cocoa pact.

The decisions to make new efforts ot negotiate a new pact signifies a marked change in atitudes since the March talks ended in acrimony and the collapse of the Agreement. Producers have seen prices collapse, while consuming countries have become increasingly worried by the possible repercussions on the North-South dialogue between industrialised and developing countries.

Carlos Andrade Pinto, Brazilian president of the Cocoa Producers Alliance, told Reuters yesterday that the Alliance would still go ahead with its meeting on June 16-20 and had not abandoned its draft programme to set up a producer support fund usin gthe accumulated buffer stock of $220m from the Agreement.

However, consumers have made it plain that if th eproducers do withdraw the buffer stock funds this would seriously prejudice the chances of a new pact.

Values were steadier on the London cocoa futures market yesterday with the September position closing £19 up at £1,116 a toone. This is still viewed viewed mainly as a technical reaction after the steep decline, but market sentiment was influenced by manufacturer buying and the possibility of a new cocoa pact emerging. Rumours that Brazil may be lowering its minimum export price, following the sale by Ivory Coast of 100,000 tonnes, were not confirmed.

Good tests with Swiss grass

BY ROBIN REEVES, WELSH CORRESPONDENT

A SPECIES of wild grass from the Swiss alps may soon be helping to improve the agricultural productivity of Britain's hills and uplands. Preliminary trials with the variety, a perennial ryegrass code-named BA 9436, have yielded exceptionally good results at the Welsh Plant Breeding Station's hill land research centre at Pant y Dwr, 1,000 feet up in the mountains near Rheyadr, mid-Wales.

The station is already optimistic that the Swiss newcomer will find its way on to the National Institute of Agricultural Botany's recommended list of grasses once the investigations into its persistency in wet, cold conditions and under a wide range of cutting and grazing conditions are completed.

Mr. E. C. Breese, the deputy director of the WPBS, says the grass, brought back to Wales by the station's scientists to test under Welsh conditions, has already revealed the desirable characteristics that will ensure its future role in the improvement of the uplands.

"It is giving the earliest and highest productivity of the perennial ryegrasses we are now testing under very harsh conditions.

"I think we have discovered what we have been looking for—good winter hardiness, early spring growth and high sward density," said Mr. Breese.

The research centre has gained a great deal of knowledge from last year's exceptionally cold winter and spring, which dealt a crippling blow to many hill grasses but also highlighted those varieties which were scarcely harmed at all.

The hybrid ryegrass variety, Augusta, one of the new grasses bred at the WPBS which is particularly suitable for silage conservation survived the hard winter at the centre virtually unscathed. The station's new early perennial ryegrass, Mantilla, soon to be released to farmers, also proved its ability to withstand the severe conditions without loss.

Further falls in sugar

By Our Commodities Staff

WORLD SUGAR values fell again yesterday wiping out most of Wednesday's technical rally.

Values were boosted overnight by news that the Thailand Sugar Corporation had declared force majeure on more sugar contracts. This helped lift the London futures market October position to £384 a tonne at one stage.

The Corporation's declaration covered 20,000 to 30,000 tonnes of raw sugar, an official said in Bangkok. Two weeks ago it made a similar declaration concerning 50,000 tonnes of sugar following the suspension of exports by the Government because of an internal supply shortage.

Dealers said at the time that further declarations were expected.

The rise was fairly shortlived, however. News that the London Commodity Clearing House had doubled its deposit requirement on sugar trading to £1,000 per 50-tonne lot hit prices in the afternoon and by the close the October position was quoted at £370.375 a tonne, down £9 on the day.

Sharp rise in bacon prices

By Our Commodities Staff

WHOLESALE PRICES for British and Ulster bacon rose to record levels yesterday. Each gained £30 to £1,230 a tonne. The Danish bacon price was also raised £30 to £1,260 a tonne, but this left it still below the all-time peak of £1,270 a tonne reached in January.

If the rise is spread over the whole side it will mean an increase of about 1.5p a lb in the shops next week. But with the holiday season approaching most of the extra cost is likely to be concentrated on rashers. The seaside trade traditionally gives a boost to the bacon rasher market during the summer months.

Tin down

TIN PRICES dropped sharply on the London Metal Exchange yesterday followin gthe failure of the Penang market overnight to rise in line with the higher trend in London on Tuesday.

Disappointed selling by speculators, especially chartists, forced the cash price to close £190 down at £7,390 a tonne and the three months quotation by £110 to £7,335.

UK FARMING

Balancing the budget

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

FEW FARMERS needed Lloyds Bank's analysis of the squeeze on their incomes to remind them that their future could be tough. The NFU has been making the point for a long time and has been demanding a further devaluation of the Green Pound and other special measures to redress the balance.

Now just a word on the EEC price award: This showed a negligible overall improvement in livestock returns except for sheep meat. But an 11 per cent rise including Green Pound devaluation in cereal prices is a potential disaster for those farmers dependent on cereal-based feed, particularly pigs and poultry.

However, while the danger signs are evident, the overall indicators for farming are at present relaxed. There has been no significant slump in land prices or in the livestock markets. Bank overdrafts are certainly rising, but does this really mean that farmers are in trouble? Some clearing banks are fighting hard to increase the proportion of their agricultural lending. Would they be so eager if they thought the industry was really on the skids?

The truth is probably, as a banker told me recently, 5 per cent of his customers were in trouble; 45 per cent were borrowing a reasonable proportion of their resources and 50 per cent were not borrowing at all.

Where there could be trouble is for tenants hoping to expand. A tenant's capital is represented by crops, stock and machinery and is at the mercy of climatic and economic forces quite outside his control. Unlike an owner-occupier, a tenant cannot sell off a piece of land or an unwanted cottage to get his overdraft down.

Some of the most worried farmers I know — but they are a small minority — are those who have been bitten by the craving for expansion. In this they have been assisted by a banking system which has been happy to invest in their success.

In the bad old days before the last war, a tenant farmer had difficulty in borrowing 20 per cent of the value of his assets. Today's expansionist would, I understand, call this chicken feed. Finance is now based on budgeting and cash flow. But the basic fact of farm budgeting which has often been forgotten, is that costs can double and returns can halve.

Although the impact of the economic squeeze has been lightly felt so far, there are signs of a growing awareness. Farmers are getting ready to streamline their operations and also increase their productivity.

There is still scope for increased output although there is a certain lack of logic in increasing production of commodities in surplus such as milk.

I would expect the first savings to be at the expense of the labour force. The last increase of 21 per cent in wages has already caused a non-replacement of jobs lost by natural wastage, as well as some quite well-publicised moves out of dairying and other labour intensive production.

There is a growth of contract operations and the supply of contract labour for seasonal work. After all, it is better to pay a high price for a man when you need him than maintain him at full rates for a whole year.

There are signs of a fall in machinery sales. Farmers are being offered cheap credit and huge discounts — a sure sign of pressure on manufacturers and agents.

Replacement of machines is at a farmer's discretion, and most could manage with what they have for several years.

Rents and land costs are not as fixed as they appear to be. A farmer does not have to buy that extra acreage. Nor is the rise in cost of rent inflexibly steep as some land agents would have us believe. Several rent demands are, I understand, now going to arbitration — a sign of a stiffening in the tenants' attitude.

Nor do farmers have to pay high interest charges. They can stop or reduce borrowing and this is where we come to the crux of the matter.

There are two ways of making a farming profit. One is a high input, high output, system. Some British farmers have been very good at this system. But there is also another way matching lower income with lower costs. Margins in dairying especially under this latter system have been yielding in the case of Irish and Breton farming profitability higher than that of the British system.

The Ministry of Agriculture Advisory Service has been demonstrating better results with lower yield, lower cost cereal growing than in some of the high cost systems.

This could be extended to be the pattern of the future. While it would not lead to such exciting farming as we have seen in the recent past, it might just help to ease EEC surplus problems as well as saving some farmers from bankruptcy.

Campaign against battery egg production

BY RICHARD MOONEY

A CAMPAIGN against battery egg production was launched yesterday by the Royal Society for the Prevention of Cruelty to animals.

National advertising, backed up by leaflets, posters and car stickers, will attempt to persuade the public that this intensive production system is inabandoned.

The society claims the 25m hens kept in battery cages in Britain suffer unnecessary injuries, pai nand discomfort in the cause of keeping egg prices down. They have an average of only one square foot of space to live in and generally show signs of abnormal strain and often of "battery fatigue," a paralytic condition, according to an RSPCA statement.

The society also notes that hysterical behaviour, indicating frustration, is common.

Battery producers claim the adoption of a more humane system would have a dramatic effect on egg prices and the RSPCA does not deny this. But it believes there may be economic and humane alternatives "if only enough time and money were spent on research," the statement said.

"This wretched life for hens is all in the name of profit. The RSPCA says more humane methods should be researched and explored."

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Barely changed in quiet and routine trading on the London Metal Exchange. Forward metal opened on a firm note around the £918 level and moved up to touch £920, reflecting the strong performance of precious metals. However, trade selling was noted at these levels and the market drifted back to around £914. In the afternoon three months drifted further to close the late kerb at £907.5 in the wake of New York. Turnover 18,875 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	893-4	+1	890-1	+4.5
3 months	914-.5	+1.5	910-.5	+3.5
Settlem't	894	+1	—	......
Cathodes				
Cash		......	864-5	......
3 months	870-2	—1	887-8	......
Settlem't	894-5	......	—	......
U.S. Prod	872	—1	*95	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £894, 93, three months £920, 18, 17.5, 18, 17, 16, 15.5, 15, 14. Cathodes, cash £873, three months £894, 95. Kerb: Wirebars, three months £914.5, 14, 13.5. Afternoon: Wirebars, cash £890.5, three months £912, 11, 10.5, 10, 9, 9.5, 10, 10.5, 10. Cathodes, three months £888. Kerb: Wirebars, three months £909, 9.5, 9, 8, 8.5, 9, 8, 7.

TIN—Fell away following the denials of rumours that the G.S.A. is to delay sales of stockpile tin. Forward metal opened at £7,400 but met selling throughout the day which depressed the price to £7,330. However, the market rallied modestly on the late kerb to end the day at £7,360. Turnover 1,385 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7440-50	—130	7375-95	—175
3 months	7405-25	—82.5	7370-90	—90
Settlem't	7460	—130	—	......
Standard				
Cash	7430-5	—142	7365-75	—158
3 months	7375-85	—90	7330-40	—110
Settlem't	7455	—145	—	......
Straits E.	$S178	—5	—	......
New York	—	......	—	......

Morning: Standard, cash £7,440, 35, three months £7,390, 85, 80, 85. Kerb: Standard, three months £7,380, 70, 60, 40, 30, 50, 40. Afternoon: Standard, cash £7,370, 65, 70. Three months £7,345, 40, 30, 35, 30, 25, 20, 25, 30. Kerb: Standard, three months £7,350, 60.

LEAD—Easier. Forward metal edged up from £318 to £321 on the pre-market, reflecting firmer copper and precious metals, but eased thereafter to end the day at £317. Turnover 12,250 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	316-7	—3	309-10	—6.75
3 months	319-20	—1.5	315-.5	—3.5
S'ment	317	—3	—	......
U.S. Spot	—	......	*56-40	......

Morning: Cash £317, 13, 14, 17, three months £320, 18, 20. Kerb: Three months £318, 17. Afternoon: Cash £309, three months £315, 17, 17.5, 17, 15. Kerb: Three months £315, 15.5, 15, 15, 15, 17.

ZINC—Marginally easier with forward metal tending to drift easier in line with the trend in other metals. After opening at £307 forward metal fell away to close the late kerb at £302.5. Turnover 15,225 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	293.5-5	—5	291.5-2	—2.5
3 months	303-4	—2.25	302.5-5	—2.5
S'ment	293.5	—1.5	—	......
Primw'ts	—	......	*37.5	......

Morning: Three months £307, 5, 4, 4.5, 4, 3. Kerb: Three months £304. Afternoon: Cash £291.75, three months £304, 3. Kerb: Three months £301, 2, 3.

ALUMINIUM—Moved ahead following good general buying and chartist interest which more than offset trade selling. Forward metal opened at £725 and gradually moved up to close the afternoon kerb at £735. Turnover 13,050 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	733-4	+4.5	736-7	+7.5
3 months	750-1	+5.75	753-5	+9.25

I.G. Index Limited 01-351 3466. Three month Silver 712-720
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CORAL INDEX: Close 421-426 (unchanged)

COMPANY NOTICES

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

COCOA

Although trading in relatively quiet conditions ...

Spot 59.00p (57.00p); July 61.75p (61.25p): August 62.75p (62.00p).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
July	59.40-59.70	59.50-56.90	—
Aug.	60.60-61.00	59.60-59.60	—
Jly-Sept	60.30-61.00	59.50-66.00	60.60-60.60

PRICE CHANGES

In tonnes unless otherwise stated.

AMERICAN MARKETS

NEW YORK, June 5.

HIGHER GOLD prices, Mid-East tension and falling U.S. interest rates were responsible for strength in the precious metals. Copper prices declined on weak economic conditions in the U.S. Coffee weakened due to the lack of frost in Brazil's growing areas. Cocoa prices advanced after London's firmer close. Fears that the recession will restrict textile demand depressed cotton values. Cattle finished lower due to slow beef demand, while hogs were mixed. Reports of good harvesting progress caused wheat to decline. Maize weakened on exporter selling, while soyabeans finished slightly lower, reported Heinold.

Copper—June 89.00 (90.90), July 89.60-90.00 (97.80), Aug. 90.55, Sept. 91.20-91.40, Dec. 93.50-94.10, Jan. 94.00, March 95.00, May 97.00, July 97.20, Sept. 99.30, Dec. 99.95, Jan. 100.50, March 101.60.

Potatoes (round whites)—Nov. 73.0-73.2 (75.1), March 87.0 (90.5), April 99.8-100.2. Sales: 800.

Sugar—No. 11 July 30.00-30.10 (32.48), Sept. 32.76 (34.26), Oct. 33.37, Jan. 34.00, March 34.42, May 34.10, July 33.30, Sept. 32.20-32.30, Oct. 32.00-32.10. Sales: 15,800.

Tin—785.00-799.00 asked (792.00-805.00).

CHICAGO, June 5.

Lard—Chicago loose 17.00 (17.50). New York prime steam unavailable.

Live Cattle—June 64.55-64.70 (64.80), Aug. 63.20-63.35 (63.70), Oct. 62.35-62.25, Dec. 63.77-63.80, Jan. 64.50, Feb. 64.80, April 65.25.

Live Hogs—June 33.35-33.50 (33.57), July 34.80-34.75 (34.90), Aug. 33.90-... Feb. 41.25, April 40.15, June 43.00, July 44.15.

‡‡Maize—July 273½-273¾ (275½), Sept. 283-282¾ (284¾), Dec. 290½-290¾, March 302½, May 310½, July 316.

Pork Bellies—July 28.50-28.80 (29.00), Aug. 28.80-28.65 (29.15), Feb. 42.80-43.10, March 43.00, May 43.80, July 44.60, Aug. 43.60.

Silver—June 1588.0 (1545.0), July 1600.0 (1530.5), Aug. 1632.5, Oct. 1660.0, Dec. 1686.5, Feb. 1713.0, April 1739.5, June 1766.0, Aug. 1792.5, Oct. 1819.0, Dec. 1845.5, Feb. 1869.0, April ——, June ——, Aug. ——, Oct.

†Soyabeans—July 617-616 (617¾), Aug. 624¼ (625¾), Sept. 631½-632, Nov. 647½-648, Jan. 662, March 676, May 688, July 697.

‖Soyabean Meal—July 169.3-169.2 (169.8), Aug. 172.1-172.2 (172.8), Sept. 175.2-175.0, Oct. 177.5-177.7, Dec. 181.7-182.0, Jan. 183.8-184.2, March 187.8, May 191.0-191.5, July 194.0-194.5, Aug. ——.

Soyabean Oil—July 21.28-21.26 (21.23), Aug. 21.55-21.52 (21.47), Sept. 21.75, Oct. 21.85, Dec. 22.40-22.35, Jan. 22.50-22.55, March 22.85, May 23.15-23.25, July 23.40, Aug. 23.45-23.55.

†Wheat—July 397-398 (401¾), Sept. 409½-410 (413¾), Dec. 427-428, March 443, May 450-448½, July 454.

WINNIPEG, June 5. §Barley—July 127.30 (128.30), Oct. 122.20 (121.30), Dec. 121.00, March 120.40.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, June 5.

Wheat—U.S. No. 2 Red Winter July $179, Aug. $182, Sept. $183. U.S. No. 2 Northern Spring, 14 per cent, June $191, July $192.50, Aug. $195, Sept. $197, Oct. $200, Nov. $203, Dec. $207. Rest unquoted.

Maize—Spot $145, afloat $139.50, June-July $137.50, Aug. $139.50, Sept. $141, Oct.-Dec. $144.50, Jan.-March $153.

Barley—June $143.50, July $145.75, Aug. $148.

Soyabeans—U.S. Two Yellow Gulfports June $256.50, July $257.75, Aug. $260.25, Sept. $263.75, Oct. $265.25, Nov. $256.50, Dec. $270.75, Jan. $275, Feb. $280.75, March $283.25 sellers. Argentine June $250.75, July $251, Aug. $254, Sept. $260 sellers.

Soyameal—44 per cent protein afloat $217, June-July $217, Aug. $220, July-Sept. $216.50, Nov.-March $237. Brazil Pellets afloat $224, June $221, July $222, Aug. $224, Sept. $229, Oct. $234.50, Nov.-March $246.

PARIS, June 5.

Cocoa (FFr per 100 kilos)—July 1000-1060, Sept. 1060-1070, Dec. 1086-1089, March 1125-1135, May 1135, July 1145. Sales at call 1.

Sugar (FFr per 100 kilos)—July 3140-3210, Aug. 3230-3235, Oct. 3370-3375, Nov. 3350, Dec. 3471-3480, March 3560-3600, May 3600, July 3620. Sales at call 55.

INDICES

FINANCIAL TIMES

June 4	Jun 3	M'nth ago	Year ago
907.38	267.56	278.46	201.08

(Base: July 1, 1952=100)

MOODY'S

Jun 4	June 3	M'nth ago	Year ago
1114.0	1111.6	1111.0	1072.0

(December 31, 1931=100)

DOW JONES

Dow Jones	June 4	June 3	Month ago	Year ago
Spot	409.37	402.37	441.39	411.83
F'tur's	418.70	438.75	440.89	409.21

(Average 1924-25-26=100)

REUTERS

June 5	June 4	M'nth ago	Year ago
1685.6	1680.3	1710.6	1811.4

(Base: September 18, 1931=100)

Almeria 8.20; Chilean Emperor 6.70. Strawberries—Per punnet, Italian: 0.25, Spanish: 0.25, American 0.90. Cherries—Per pound French: 0.60-0.70; ... 2.00-2.30. Mushrooms—Per pound 0.65-0.70. Apples—Per pound Bramley 0.10-0.10. Strawberries—English per ½-lb 0.20. Cabbages—Per bag 1.20-...

LONDON STOCK EXCHANGE

Early enthusiasm for equity leaders fades but Gilts continue higher—Land Securities rights issue surprise

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
May 12	May 28	May 30	June 9
June 2	June 12	June 13	June 23
June 16	June 26	June 27	July 7

* "New time" dealings may take place from 9 am two business days earlier.

A promising start in London equity leaders petered out yesterday following sudden weakness in ICI following rumours, later confirmed, of a broking house downgrading its profits estimate for the group; talk also revived of a possible fund raising operation. Enthusiasm was later stifled by first-quarter profits from British Petroleum generally regarded as uninspiring, in particular, by oil market operators.

The about-turn was well illustrated by the FT 30-share index which touched its best of the day at 10 am with a rise of 2.9 and held near to that level until 1 pm. At the following calculation, the gain had been replaced by a small loss, but at the close the index was showing a marginal gain of 0.4 at 423.4. Apart from ICI, market interest was dominated by Land Securities, which at 9.30 am, surprisingly announced a rights issue, proposing to raise approximately £108m. The funding news had a marked unsettling effect on other leading Property shares and prompted a sympathetic reaction in secondary issues.

South African mining shares made fresh progress, but closed below the day's best, while renewed interest was shown in Australian mining and energy-related issues, although the sector took on a rather mixed appearance after the recent upsurge.

Ottoman Bank down

Overseas funds drawn by the firmness of sterling and the continuing decline in U.S. prime rates gave Government securities fresh heart yesterday. Short-dated stocks improved by up to ⅜, while rises in the mediums and longs extended to ⅝ and occasionally more. The new medium tap, Exchequer 13¼ per cent 1994, made a colourless debut and stayed at par in £40-paid form. The Bank of England's cancellation of special deposits was expected, but the decision not to extend the sale and repurchase of Gilt-edged facility to the clearing banks when it expires on June 12 and 17 was rather surprising.

Business in Traded options was well distributed with five stocks recording deals in excess three figures. The day's total amounted to 956 with Land Securities attracting 175 trades.

Particularly firm recently on speculative support ahead of possible developments at annual meeting, **Ottoman Bank** fell 7 points to £55 following the chairman's denial at yesterday's meeting of recent suggestions that the group had hidden gold reserves and his reaffirmation of *net asset of £60 per share*. Elsewhere, the major clearing banks extended the previous day's upturn which followed the Government's declaration that it has no intention of introducing a "windfall tax" on bank profits this year; sentiment also reflected yesterday's Bank of England decision to cancel the recall of special deposits. Closing levels were a couple of pence below the best but **Barclays** ended 5 better at 525p and **Midland** 4 dearer at 332p. Merchant banks *encountered selective support* with **Hambros** notable for a rise of 8 to 391p. Currently in receipt of an agreed cash offer from the **Charterhouse Group**, **Keyser Ullmann** advanced 6 to 80p: **Charterhouse** gain 5 to 82p. **Wagon Finance** rose 3 to 45p among firm Hire Purchases.

Quietly firm conditions prevailed in Insurances. **Stewart Wrightson** improved 3 to 200p in response to Press comment, while similar improvements were seen in **Bowring**, 167p, and **C. E. Heath**, 195p. **GRE** *added 4 to* 254p and **Sun** *Alliance* rose 8 to 574p among Composites.

Early buying raised leading Breweries and, although the momentum slowed later, most stocks closed at the day's best. **Greenall Whitley** firmed 2 to 185p, while **Allied**, annual results next Tuesday, firmed a penny to 77p. Wines and Spirits remained quiet but good speculative support was noted for **Highland**, 7 up 142p.

Quietly firm conditions persisted in the Building sector. **Tarmac** were supported and rose 9 to 236p, while **Redland** added 4 at 154p and **BPB** improved 3 to 180p. **Blue Circle** touched 322p before closing a net 2 higher at 320p, while **Ready Mixed Concrete** picked up 3 at 160p. Elsewhere, fresh interest in a thin market lifted **Burnett and Hallamshire** 25 to 615p, but **Dereck Crouch**, a good market of late because of an investment recommendation, eased 3 to 135p.

A broker's downward revision of its profits estimates for **ICI** brought pressure to bear and the price fell to 350p prior to a close of 356p, down 10 on balance. Amongst other Chemicals, **Allied Colloids** put on 9 to 115p on renewed speculative buying and **Coalite** added 3 at 111p, the latter in reflection of its oil interests. **Hickson and Welch** firmed 3 to 155p following the satisfactory interim results, while **Leigh Interests**, 132p, and **Plysu**, 98p, added a couple of pence apiece after their respective preliminary statements.

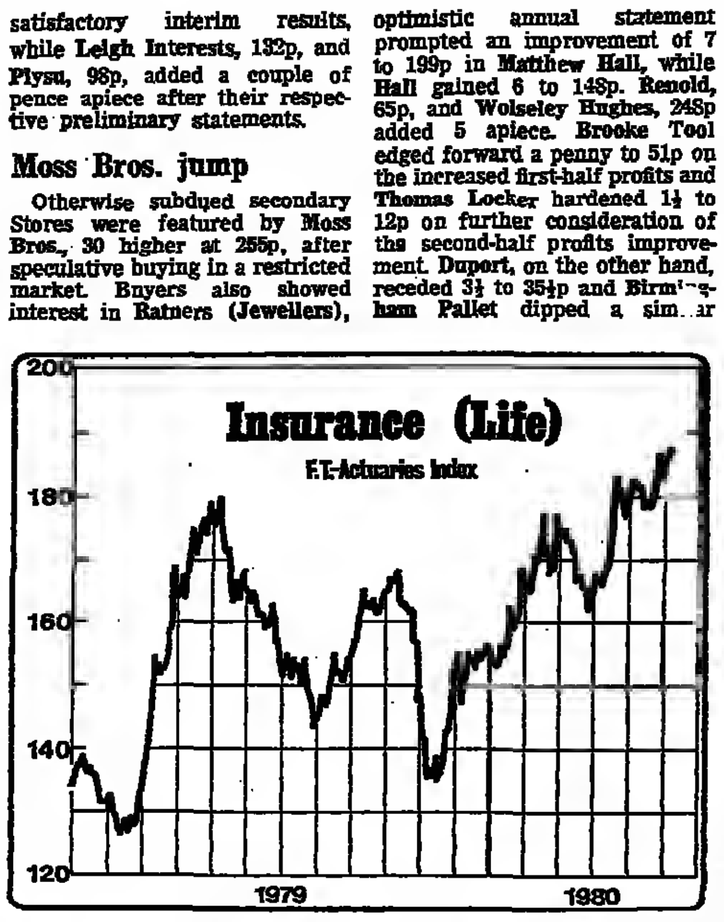
Moss Bros. jump

Otherwise subdued secondary Stores were featured by **Moss Bros.**, 30 higher at 255p, after speculative buying in a restricted market. Buyers also showed interest in **Ratners (Jewellers)**, 2 firmer at 59p, and **Wearwell**, a similar amount up at 46p. **Owen Owen** shed a couple of pence to 122p following the chairman's discouraging statement at the annual meeting. Support was lacking for **Lee Cooper**, 5 cheaper at 198p, and for **Austin Reed**, 3 off at 62p, while comment on the previous day's annual results unsettled **Comet Radiovision**, 4 down at 68p. The leaders were firmer for choice, although **Debenhams** met profit-taking and eased 2 at 73p.

Selected Electricals attracted fresh speculative support and closed with gains extending to 12. **Electrocomponents** advanced that much to 512p, while **Farnell**, 266p, and **Unitech**, 268p, rose 6 and 4 respectively. Awaiting details of the proposed sale of the National Enterprise Board's stake in the company, **Ferranti** picked up 7 at 503p. **Henry Wigfall** improved 7 to 196p, after 198p, following the maintained dividends, but **Electronic Rentals**, firm ahead of its preliminary announcement, slipped back to 90p, for a fall of 4 on balance, on the profits setback.

Pegler Hattersley stood out in Engineerings with a rise of 10 to 110p in response to the better-than-expected preliminary results. The chairman's optimistic annual statement prompted an improvement of 7 to 199p in **Matthew Hall**, while **Hall** gained 6 to 148p. **Renold**, 65p, and **Wolseley Hughes**, 248p added 5 apiece. **Brooke Tool** edged forward a penny to 51p on the increased first-half profits and **Thomas Locker** hardened 1½ to 12p on further consideration of the second-half profits improvement. **Duport**, on the other hand, receded 3½ to 35½p and **Birmingham Pallet** dipped a similar amount to *34p*. *Still* reflecting nationalisation compensation hopes, **Vickers** improved initially to 119½p but then eased on lack of follow-through support to close at the overnight level of 117½p. **GKN** lost 3 to 230p and **Tubes** dipped 2 to 244p. **Hawker** rallied late to score a net gain of 2 at 166p, after 162p.

Leading Foods took a firmer line and **J. Sainsbury** improved 5 to 360p, while **Associated Dairies** hardened 4 to 174p. Elsewhere, **Alpine Soft Drinks** put on 7 to 87p following the appearance of a solitary buyer, while **Louis C. Edwards** revived with a gain of 4 to 68p. Buying in a thin market lifted **Bernard Matthews** 8 to 200p and support was again seen for **Sompartex**, which advanced 7 more to 157p.



Burco Dean fall

A downward revision of an earlier ICI profits forecast by a leading specialist unsettled the miscellaneous industrial leaders which had earleir made a promising start. The closing trend was mixed. **Glaxo** finished 4 down at 192p, **Bowater** 2 lower at 164p and **Beecham** a penny off at 122p, after 125p, but **Pilkington** added 3 to 190p. Still drawing strength from the preliminary results, **Reed International** touched 188p before closing a net 2 better on balance at 184p. Elsewhere, **Burco Dean** were a notable dull spot, falling 3 to 28p, after 24p, on news of the omission of the interim dividend and first-half deficit. **Standard Fireworks**, however, rose 7 to 97p following the better-than-expected results and **Morgan Crucible** firmed 3 to 127p in response to the higher first-quarter earnings. **BTR** found support at 289p, up 14, and the Australian giant **Broken Hill Proprietary** jumped 20 to 740p.

Among Leisure issues, **Pleasurama** shed 4 to 145p on the disappointing interim results.

Lucas, at 190p, recovered the previous day's fall of 5 stemming from confirmation of the redundancies at the company's electric division. Other Components to improve included **Dowty**, 4 up at 176p, and **Flight Refuelling**, 7 to the good at 282p. **Dunlop**, however, eased a couple of pence to 68p.

Burmah up late

The surprise announcement at the start of business of a £108m rights issue caused a sharp reaction in **Land Securities** which fell to 305p before closing a net 18 down at *310p*. Other Properties gave considerable ground in sympathy with **MEPC** 7 *off at 197p, after* 195p. **Haslemere Estates**, 312p, and **Great Portland Estates**, 222p, shed 10 apiece, while **Stock Conversion** *lost* 8 to 384p. **Hammerson A** dipped 20 to 355p, while **Samuel**, 118p, and **Brixton Estates**, 137p, shed 4 and 5 respectively.

First-quarter profits much in line with market estimates left **British Petroleum** a couple of pence firmer at 358p, after 362p, while **Shell** hardened 4 to 400p. **Burmah** rose 11 to 233p on late speculative support. Speculative interest *also* lifted **Candecca** 7 to 155p, while **Carless Capel** added a penny to 135p. Buyers came in for **Premier**, 2½ to the good at 98p, and **Century**, 4 higher at 180p.

Golds advance

John Beales succumbed to further nervous selling ahead of today's preliminary results and shed 4 more to 18p. Elsewhere in Textiles, **Carrington Viyella** slipped a penny to 10½p and **Sirdar** gave up 3 at 81p. Further consideration of the chairman's review and auditor's qualification of the Accounts clipped 1½ from **Tootal** at 24p.

Guthrie's annual results proved to be in line with general expectations and the shares held at 712p. Among other Plantations, **Castlefield**, 480p, and **Malakoff**, 112p, added 10 and 5 respectively, but **London Sumatra** eased 13 to 325p.

A further rise in the bullion price, which closed $10 firmer at $587 an ounce, encouraged renewed support for South African Golds. The recent batch of good June dividends also added to the general tone of the sector—although the latest declarations, those of the "Johnnies" group mines, tended to be a shade lower than most market forecasts.

Demand for Golds was widespread. Continental, Johannesburg and American sources were reported to have been buyers throughout the day, although some London selling was noted. Nevertheless, the Gold Mines index rose 9.2 more to 337.2 for a two-day gain of 16.2.

Among heavyweights, **Free State Geduld** were outstanding and finally almost a point better at £24⅝, while gains of around a half-point were common to **Winkelhaak**, £12½, **East Driefontein**, £11, **Kloof** £13¼, and **St. Helena**, £15¼. **Randfontein** opened on a strong note at £28, but came under pressure during the afternoon to close only ¼ harder at £27⅝ ahead of the dividend declaration.

Among the cheaper-priced issues, **Elsburg** and **Western Areas** fared similarly to Randfontein. Elsburg were finally 3 easier on balance at 230p, after *240p*, while Western Areas closed 4 up at *340p, after 348p*.

RTZ advanced 8 to 383p and **Gold Fields** 5 to 471p in generally *strong* London Finance stocks. **Tanks** hardened 2 more to 287p on further consideration of the increased profits and higher dividend.

Australians staged a further advance led by Gold issues. **Gold Mines of Kalgoorlie** were prominent with a further rise of 36 to 346p, after a 1980 high of 350p, while **Poseidon** added 14 more at 187p and **North Kalgurli** 2 at 80p. Speculative issues attracted renewed interest with rises of between 6 and 8 common to **Hill 50**, 36p, **Mount Carrington**, 60p, **Haoma Gold**, 82p, and **Pariaga**, 92p.

FINANCIAL TIMES STOCK INDICES

	June 5	June 4	June 3	June 2	May 30	May 29	A year ago
Government Secs.	67.75	†67.38	67.47	67.11	67.70	67.37	[illegible]
Fixed Interest	68.36	68.21	68.20	68.12	68.42	68.48	[illegible]
Industrial	423.4	423.0	420.0	412.7	415.9	417.8	[illegible]
Gold Mines	337.2	328.0	321.0	330.2	332.8	334.4	[illegible]
Ord. Div. Yield	8.47	8.46	8.55	8.69	8.65	8.62	[illegible]
Earnings, Yld. % (full)	20.42	20.41	20.74	21.09	20.95	20.89	[illegible]
P/E Ratio (net) (*)	5.95	†5.95	5.85	5.75	5.79	5.80	[illegible]
Total bargains	17,044	17,566	19,965	19,196	20,970	18,381	[illegible]
Equity turnover £m	—	95.88	94.76	94.00	116.84	92.66	[illegible]
Equity bargains total	—	12,964	13,935	14,874	16,716	13,763	[illegible]

10 am 425.9. 11 am 425.8. Noon 425.2. 1 pm 425.6.
2 pm 422.7. 3 pm 422.6.
Latest Index 01-246 8026.
*Nil=5.56.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.
†Correction.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.26 (21/1)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.21 (21/1)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	478.8 (15/2)	406.9 (3/1)	558.2 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 [illegible]	265.6 [illegible]	442.3 [illegible]	43.5 [illegible]

S.E. ACTIVITY

	June 5	June 4
—Daily		
Gilt Edged	104.0	[illegible]
Industrials	95.5	[illegible]
Speculative	45.0	[illegible]
Totals	71.7	[illegible]
5-day Av'ge.		
Gilt Edged	105.4	104.6
Industrials	107.9	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (48)

BRITISH FUNDS (6)
Treasury 9½pc 1981 Excheq. 8¼pc 1983
Excheq. 8¼pc 1981 Excheq. 13½pc 1983
Excheq. 9½pc 1981 Excheq. 11½pc 1984

CORPORATION LOANS (3)
L'pool 9¼pc 80-84 LCC 5½pc 82-84
Lon.Crp. 9¼pc 84-85

BANKS (1)
Keyser Ullmann

ELECTRICALS (1)
Hormand Elec.

[illegible]

NEW LOWS (40)

[illegible]

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	330	42	13	62	4	70	—	359p
BP	360	19	38	37	10	54	10	"
BP	390	9	22	24	15	—	—	"
BP	420	3	3	13	—	—	—	"
Com. Union	130	9	20	14	—	19	—	131p
Com. Union	140	2½	5	9	1	14	—	"
Cons. Gold	460	32	11	56	—	70	—	488p
Cons. Gold	550	4	35	17	—	—	—	"
Courtaulds	60	6½	1	9	—	11	—	65p
Courtaulds	70	2	14	4½	—	7	—	"
Grand Met.	120	19	10	23	—	28½	—	136p
Grand Met.	130	10½	14	19	11	22	—	"
Grand Met.	140	5	31	9½	46	18	—	"
ICI	330	34	3	44	—	54	—	356p
ICI	360	12	67	20	16	34	—	"
ICI	390	3½	—	9	10	19	—	"
Land Secs.	260	58	25	—	—	—	—	311p
Land Secs.	300	21	60	38	1	50	—	"
Land Secs.	330	5	72	21	11	31	3	"
Land Secs.	360	2	—	11	3	19	—	"
Marks & Sp.	80	7½	1	13	—	15½	—	84p
Marks & Sp.	90	2	24	6½	1	9½	2	"
Shell	360	50	4	60	2	74	—	399p
Shell	390	20	37	40	—	50	1	"
Shell	420	7½	25	18	31	—	—	"
Totals			555		161		16	
		August		**November**		**February**		
Imperial Gp.	80	3	10	5	9	9	2	77p
Lonrho	70	17	17	19½	—	21	—	86p
Lonrho	80	9½	12	12½	7	16	13	"
Lonrho	90	4½	74	7½	2	9½	1	"
P. & O.	100	19	—	23½	—	24½	1	115p
Racal Elec.	240	15	2	26	10	40	—	237p
Racal Elec.	260	6½	2	17	—	—	—	"
RTZ	330	58	—	65	9	—	—	381p
RTZ	360	45	3	62	—	73	—	"
RTZ	390	27	38	37	—	52	2	"
RTZ	420	14	2	24	19	—	—	"
Totals			170		48		26	

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns., Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

Fri., June 5, 1980: Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 30%) | Est. P/E Ratio (Net) — Wed., June 4 Index No. | Tues., June 3 Index No. | Mon., June 2 Index No. | Fri., May 30 Index No. | Year ago (approx.) Index No.

[illegible]

FIXED INTEREST PRICE INDICES

British Government: Thurs., June 5 | Day's change % | xd adj. today | xd adj. 1980 to date

[illegible]

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

[illegible]

	Thurs., June 5 Index No.	Yield %	Wed. June 4	Tues. June 3	Mon. June 2	Fri. May 30	Thurs. May 29	Wed. May 28	Tues. May 27	Year ago (approx)
15 20-yr. Red. Deb & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16 Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17 Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
BP	25p	8	358	+ 2	412	320
Premier Cons.	5p	8	98	+ 2½	98½	39½
ICI	£1	7	356	−10	402	348
Reed Intl.	£1	7	184	+ 2	206	163
RTZ	25p	7	383	+ 8	485	327
Shell Transport	25p	7	400	+ 4	410	314
Tricentrol	25p	7	384	+ 6	378	250
Charterhouse	25p	6	82	+ 5	84	61
GEC	25p	6	352	+ 1	388	326
Keyser Ullmann	25p	6	80	+ 6	80	55
BAT Inds.	25p	5	240	+ 5	271	223
Courtaulds	*25p*	5	*64*	− 1	79	*64*
Marks & Spencer	25p	5	84	—	96	77
Thorn EMI	25p	5	264	—	328	260
Tube Invs.	£1	5	244	− 2	312	240

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
May 19	Jun. 6	Aug. 28	Sept. 8
Jun. 9	Jun. 20	Sept. 11	Sept. 22
Jun. 23	Jul. 4	Sept. 25	Oct. 6

For rate indications see end of Share Information Service

Calls were aranged in British Land, Lonrho, Ranger Oil, Dunlop, FNFC, BP, S. and W. Berisford, Johnson and Firth Brown, Burmah, Tricentrol, Montague L. Meyer, Tanks, Endeavor, Land Securities, BPC, Coral Leisure and MFI. No puts were reported, but doubles were completed in Dunlop, Premier Oil and UK Properties.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Amer. Gth. Tst.	47.6	51.2	+0.9	1.95
Abbey Capital	36.0	38.9	+0.3	5.92
Abbey General	46.7	49.9	+0.4	6.25
Abbey Gilt & F.I. Tst.	106.0	111.4	+0.5	9.47
Abbey Income	40.9	44.2	+0.2	9.13
Abbey Intl. Bd. Tst.	94.3	99.8	–0.4	5.51
Abbey Inv. Tst. Fnd.	37.7	40.7	+0.3	6.75
Equitas Prog. Trust	69.1	74.7	+0.7	6.00

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	85.0	90.7	.....	12.98

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	75.7	81.0	+0.6	6.54
Brit. Inds. Fund	67.9	72.7	+0.7	7.15
Growth & Income	41.9	44.8	+0.3	6.21
Elect. & Ind. Dev.	36.5	39.1	+0.5	6.27
Allied Capital	76.9	82.3	+0.8	5.66
Hambro Fund	114.2	122.2	+0.8	6.60
Hambro Acc. Fund	144.5	154.6	+1.4	5.82
Income Funds				
High Yield Fd.	62.8	67.2	+0.2	10.79
High Income	68.3	73.1	+0.6	8.34
A. H. Eq. Inc.	40.2	43.0	+0.3	8.44
Govt. Secs.	24.6	25.2	+0.1	8.93
International Funds				
International	28.8	30.8	+0.4	3.51
Pacific Fund	48.9	52.3	+0.6	2.35
Secs. Of America	57.8	61.8	+0.7	2.91
Specialist Funds				
Smaller Co.'s Fd.	47.5	50.8	+0.1	4.93
2nd Smlr. Co's Fd.	55.2	59.1	+0.2	4.96
Recovery Sits.	112.1	119.9	+0.3	6.96
Met. Min. & C'dty.	57.4	61.4	+0.7	4.80
Overseas Earnings	57.7	61.7	+0.6	6.24
Exempt Funds				
Far East Exempt	55.2	57.4	+0.2	3.08
Smaller Co. Exempt	73.0	76.0	+0.2	5.22
U.S.A. Exempt	101.5	105.6	+1.2	3.31

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	54.4	58.6	.....	5.44

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376.

Inc. Monthly Fund	130.0	140.0	.....	12.00

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Capital†	24.8	[illegible]	[illegible]	—
Commodity***	72.3	[illegible]	[illegible]	3.24
(Accumulation)	121.0	[illegible]	[illegible]	[illegible]
(10% Withdrawal)	61.2	[illegible]	[illegible]	[illegible]
Eastern & Internatl.††	30.1	[illegible]	[illegible]	[illegible]
(6% Withdrawal)	21.6	[illegible]	[illegible]	[illegible]
Extra Income	84.6	[illegible]	[illegible]	[illegible]
(Accumulation)	96.4	[illegible]	[illegible]	[illegible]
Finance & Property*	20.8	[illegible]	[illegible]	[illegible]
Foreign††	102.9	[illegible]	[illegible]	[illegible]
Giants	37.5	[illegible]	[illegible]	[illegible]
(Accumulation)	46.9	[illegible]	[illegible]	[illegible]
Gilt Fixed	42.4	[illegible]	[illegible]	[illegible]
(Accumulation)	43.4	[illegible]	[illegible]	[illegible]
Growth	36.7	[illegible]	[illegible]	[illegible]
(Accumulation)	45.1	[illegible]	[illegible]	[illegible]
High Income	53.3	[illegible]	[illegible]	[illegible]
(Accumulation)	52.3	[illegible]	[illegible]	[illegible]
(8½% Withdrawal)	44.3	[illegible]	[illegible]	[illegible]
High Yield	39.3	[illegible]	[illegible]	[illegible]
(Accumulation)	66.3	[illegible]	[illegible]	[illegible]
North American††	28.3	[illegible]	[illegible]	[illegible]
Preference	21.6	[illegible]	[illegible]	[illegible]
(Accumulation)	59.4	[illegible]	[illegible]	[illegible]
Smaller Companies	26.9	[illegible]	[illegible]	[illegible]

Dealings: †Tues. *Wed. ††Thurs. ***Fri.

Archway Unit Tst. Mgs. Ltd.♥ (a)(c)
317, High Holborn, WC1V 7NL. 01-831 6233

Archway Fund	98.0	105.4	–1.4	5.79

Prices at June 5. Next sub. day June 12.

Barclays Unicorn Ltd.♥ (a)(c)(g)
Unicorn Ho, 252, Romford Rd., E7. 01-534 5544

Unicorn America	29.3	[illegible]	[illegible]	2.10
Do. Aust. Acc.	121.2	130.3	[illegible]	1.70
Do. Aust. Inc.	73.4	[illegible]	[illegible]	1.70
Do. Capital	72.8	[illegible]	[illegible]	3.98
Do. Exempt Tst.	110.7	[illegible]	[illegible]	7.75
Do. Extra Income	27.6	[illegible]	+0.3	10.13
Do. Financial	89.1	[illegible]	+1.0	4.27
Do. 500	81.4	[illegible]	[illegible]	7.27
Do. General	35.9	[illegible]	[illegible]	6.89
Do. Growth Acc.	52.4	[illegible]	[illegible]	5.50
Do. Income Trust	88.9	[illegible]	[illegible]	7.98
Do. Prf. A'ns. Tst.	204.7	217.7	[illegible]	4.26
Do. Recovery	48.8	[illegible]	[illegible]	6.83
Do. Trustee Fund	127.7	[illegible]	[illegible]	6.14
Do. W'nwide Tst.	48.3	[illegible]	[illegible]	4.25
B'tst. In. Fd. Inc.	65.8	[illegible]	+0.7	6.42
Do. Accum.	81.9	[illegible]	+0.9	6.42

Baring Brothers & Co., Ltd.♥ (a)(x)
88, Leadenhall St., EC3. 01-588 2830

Stratton Trust	208.8	217.8	.....	5.13
Do. Accum.	274.8	286.4	.....	5.13

Next sub. day June 19.

Bishopsgate Progressive Mgmt. Co.♥
9, Bishopsgate, EC2. 01-588 6280

B'gate. Pr. ** May 28	229.9	245.7	.....	3.66
Acc. Uts. **May 28	287.8	307.0	.....	3.66
B'gate Int. June 3	224.2	238.1	.....	2.47
(Accum.) June 3	254.9	271.4	.....	2.47

Next sub. day *Jun 17. **June 10.

[illegible]

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Disc. Inc. May 30	190.5	203.2	.....	6.18

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.0	18.7	.....	7.44
Gt. Winchester O'seas	20.9	23.0	.....	4.79

Emson & Dudley Tst. Mngmnt. Ltd.
20, Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	74.1	79.7	+6.5	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	73.0	76.8	+0.7	5.51

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	23.6	24.9	+0.3	1.00
Fixed Interest	24.8	26.2	+0.1	13.00
Growth + Income	29.0	30.6	–0.4	8.40
Special Sits.	29.1	30.7	+0.3	3.08

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	28.0	30.1	.....	2.27
Accum. Units	34.4	37.0	.....	2.27
J. Finlay High Income	30.8	33.1	.....	10.94
J. Finlay Euro.Fin.	20.8	22.4	.....	4.95
Accum. Units	26.0	27.9	.....	4.95
J. Finlay Fd. In. Tst.	32.9	35.4	.....	5.78
Accum. Units	40.6	43.6	.....	5.78

Prices on June 4. Next dealing June 11.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American June 2	50.6	54.0	.....	1.23
Am. T'around June 2	50.2	53.4	.....	2.00
Capital Tst.	51.0	54.4	+0.2	5.68
(Accum. Units)	51.6	55.2	+0.2	5.68
Extra Income Trust	46.2	49.4	+0.4	10.89
Income Tst.	35.0	37.4	+0.2	9.27
Int. Growth Fd.	43.2	46.2	+0.6	2.45
(Accum. Units)	46.0	49.0	+0.6	2.45

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	49.1	52.5	+0.7	5.13
Do. Accum.	69.2	74.0	+1.0	5.13

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital May 15	117.9	119.9	.....	5.56
Gross Inc. May 15	75.8	78.4	.....	11.61
High Yield May 15	86.9	90.9	.....	10.41

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Income	112.8	119.9	.....	3.60
Do. Acc.	141.7	150.7	.....	3.60
G.T. Inc. Fd. Un.	161.4	171.7	.....	9.3
G.T. U.S. & Gen.	133.5	141.2	.....	2.70
GT Wld. Bd. Fd.	91.9	95.7	.....	5.70
G.T. Japan & Gen.	71.4	75.5	.....	3.30
♦Gt. Pens. Ex. Fd.	240.1	252.7	.....	3.00
G.T. Int'l. Fund	177.7	189.0	.....	2.4
G.T. Four Yds. Fd.	45.1	48.0	.....	7.90
G.T. Far East & Gen.	53.6	57.6	.....	2.60

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	36.0	38.4	+0.3	6.01

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Trust	25.7	27.6	+0.3	1.06
British Tst. (Acc.)	62.8	67.5	–0.3	4.25
Commodity Share	41.8	44.9	+0.9	3.21
Extra Income Tst.	20.7	22.3	+0.1	10.86
Far East Trust	33.8	36.3	+0.2	2.19
High Income Tst.	50.8	53.9	.....	10.99
Income Fund	72.6	78.1	.....	7.94
Ins. Agencies	£14.74	15.65	+0.21	5.41
Intl. Exempt Fd.	95.7	104.0	+0.8	5.73
Intl. Tst. (Acc.)	28.4	29.3	+0.4	2.02
Special Sits. Tst.	28.3	29.8	+0.1	2.35

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

Extra Income	26.2	28.5	+0.5	11.0
Income	37.2	40.5	+0.5	10.40
Accumulation	34.1	80.5	+0.8	6.00
Growth	43.2	47.0	+0.6	4.90
UK Mkt. Leaders	47.4	51.0	+1.0	5.20
Small Co's	38.1	41.4	+0.2	6.90
Technology	60.0	65.2	.....	6.20
Private	44.1	47.9	+0.4	5.30
Intl. Ems. & Assets	50.5	54.9	+0.9	4.00
American	25.0	27.2	+0.3	2.10
Far East & Gen.	32.0	34.7	+0.3	1.90

Govett (John)♥
77 London Wall, EC2 01-588 5620

Stockldr. May 16	119.7	126.2	.....	3.87
Do. Accum. Unit	148.6	156.6	.....	3.87

Next dealing June 2.

Grieveson Management Co. Ltd.
59 Gresham Street, EC2P 2DS 01-606 4433

Barrington June 4	257.9	274.4	.....	4.95
(Accum. Units)	298.0	317.1	.....	4.95
Bingtn. H.Y. June 5	160.4	170.7	–0.8	11.14
(Accum. Units)	211.1	224.6	–1.1	11.14
Brgtn. Sm. Co. May 30	100.0	106.4	.....	6.21
Endeav. June 3	269.2	283.1	.....	1.27
(Accum. Units)	289.1	304.0	.....	1.27
Grantchr. May 30	90.8	94.3	.....	2.89
(Accum. Units)	97.3	101.0	.....	2.89
Ln. & Brnds. June 4	69.4	71.6	.....	4.68
(Accum. Units)	75.9	78.5	.....	4.68

Guardian Royal Ex. Unit Mgrs. Ltd.
Royal Exchange, EC3P 3DN 01-628 8011

(ag) Guardhill Tst.	106.6	110.4	+1.4	5.31

Henderson Administration (a)(b)(c)
Premier UT Admin., 5, Rayleigh Road, Hutton, Brentwood, Essex. 0277 217238

U.K. Funds				
Cabot Capital Trust	137.7	143.2	+1.2	3.88
(Accum. Units)	174.7	181.7	+1.7	3.88
Cabot Recovery	43.1	46.1	–0.1	7.64
Cap. Growth Inc.	69.8	74.6	+0.6	2.46
Cap. Growth Acc.	73.7	78.8	+0.7	2.46
Inc. & Assets	33.9	36.3	+0.3	7.90
High Income Funds				
Cabot Income Trust	157.5	163.8	+1.6	7.89

[illegible]

ManuLife Management Ltd.
St. George's Way, Stevenage. 0438 56101

Growth Units	66.5	70.0	.....	5.06

Mayflower Management Co. Ltd.
14-18, Gresham St., EC2V 7AU. 01-606 8099

Income May 19	102.9	108.4	.....	9.44
General May 19	68.7	72.4	.....	6.75
Intnl. May 19	46.8	49.3	.....	3.66

Mercury Fund Managers Ltd.
30, Gresham St., EC2P 2EB. 01-600 4555

Mrc. Gen June 4	52.3	55.6	.....	6.32
Acc. Uts. June 4	72.9	77.6	.....	6.32
Mer. Int. June 4	75.6	80.4	.....	4.23
Acc. Uts. June 4	85.0	90.4	.....	4.23
Merc. Ext. May 29	65.6	68.3	.....	6.40
Accm. Units May 29	84.3	87.8	.....	6.40

Midland Bank Group Unit Trust Managers Ltd.♥ (a)
Courtwood House, Silver Street, Head, Sheffield, S1 3RD. Tel: 0742 79842

Commodity & Gen.	65.9	[illegible]	[illegible]	4.49
Do. Accum.	116.8	[illegible]	[illegible]	4.49
Overseas Growth	35.2	[illegible]	[illegible]	2.42
Do. Accum.	39.7	[illegible]	[illegible]	2.42
Capital	28.9	[illegible]	[illegible]	4.74
Do. Accum.	33.5	[illegible]	[illegible]	4.74
Income	53.4	[illegible]	[illegible]	7.64
Do. Accum.	87.5	[illegible]	+4.4	7.64
North American	35.2	[illegible]	[illegible]	2.92
Do. Accum.	39.0	[illegible]	+0.4	2.92
High Yield	54.8	[illegible]	[illegible]	10.45
Do. Accum.	66.0	[illegible]	[illegible]	10.45
Equity Exempt*	117.3	[illegible]	[illegible]	5.67
Do. Accum.*	122.9	[illegible]	[illegible]	5.67
Japan & Pacific	38.6	[illegible]	[illegible]	1.82
Do. Accum.	39.1	[illegible]	[illegible]	1.82

*Prices at May 23. Next dealing May 30.

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4R 9BH 01-623 1050

Minster June 2	36.4	38.4	.....	7.42
Exempt May 30	92.7	96.7	.....	6.95

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-222 8177

MLA Units	60.1	63.1	.....	4.94

Murray Johnstone U.T. Mgmt.♥ (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521

MJ European	63.2	67.3	+0.4	3.05

Dealing Day Friday.

Mutual Unit Trust Managers♥ (a)(g)
15 Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	51.8	55.7	+0.5	7.88
Mutual Inc. Tst.	71.6	77.2	+0.6	8.40
Mutual Blue Chip	46.5	50.3	+0.4	7.30
Mutual High Yld.	52.1	56.0	+0.3	10.89

National Provident Inv. Mngrs. Ltd.♥
48, Gracechurch St., EC3P 3HH. 01-623 4200

N.P.I. Gth. Un. Tst.	53.1	56.5	.....	6.25
(Accum. Units)*	70.8	75.4	.....	6.25

[illegible]

Stewart Unit Tst. Managers Ltd.(a)
45, Charlotte Sq., Edinburgh. 031-226 3271

†Stewart American Fund				
Standard Units	61.6	65.6	+0.7	2.10
Accum. Units	67.7	72.2	+1.9	—
Withdrawal Units	43.3	46.2	+1.2	—
***Stewart British Capital Fund**				
Standard	151.4	161.6	.....	6.84
Accum. Units	174.9	186.8	.....	6.84

Dealing †Tues. & Fri. *Wed.

Sun Alliance Fund Mngt. Ltd.
Sun Alliance Hse., Horsham. 0403 64141

Exp. Eq. May 14	£279.60	294.40	.....	5.48
♥The Family Fd.	117.0	124.4	+1.2	4.96

Target Tst. Mngrs. Ltd.♥(a)(g)
31, Gresham St., E.C.2. Dealings: 0296 5941.
19, Athol Crescent, Edin. 3. 031-229 8621/2

Commodity	59.1	63.5	[illegible]	2.04
Financial	77.3	83.1	[illegible]	[illegible]
Gilt Accum.	125.8	[illegible]	.....	[illegible]
Investment Trust	33.8	36.5	[illegible]	[illegible]
Special Situations	22.2	24.0	[illegible]	[illegible]
American Eagle	27.4	29.4	+0.4	[illegible]
Pacific Income	25.6	[illegible]	[illegible]	[illegible]
Pacific Accum.	29.3	[illegible]	[illegible]	[illegible]
Income	23.9	[illegible]	[illegible]	[illegible]
Extra Income	51.6	[illegible]	[illegible]	12.39
Preference Share	11.4	[illegible]	[illegible]	[illegible]
Equity	43.6	[illegible]	[illegible]	7.06
Growth	32.9	[illegible]	[illegible]	[illegible]
Professional June 4	187.5	201.4	.....	[illegible]
Eqty. Ex. Inc.	224.5	[illegible]	.....	[illegible]
Equity Ex. Accum.	334.7	359.4	.....	[illegible]

Tower Unit Trust Mngt. Ltd.
39/45 Finsbury Square, EC2A 1PX 01-628 2294

Income & Growth	20.2	21.2	+0.3	9.83
Special Situations	27.3	28.7	+0.4	2.76

Trades Union Unit Tst. Managers♥
100, Wood Street, E.C.2. 01-628 8011

TUUT June 2	52.6	56.0	.....	6.32

Transatlantic and Gen. Secs.♥ (c)(y)
91-99, New London Rd., Chelmsford. 0245-51651

Barbican June 5	78.8	83.7	+1.5	7.23
(Accum. Units)	129.8	[illegible]	+2.4	7.23
&Barb. Expt. May 28	66.1	67.3	.....	3.26
Buckm. June 5	82.0	[illegible]	+1.2	5.71
(Accum. Units)	110.3	[illegible]	+1.7	5.71
Colenco May 30	140.3	[illegible]	.....	7.05
(Accum. Units)	185.3	[illegible]	.....	7.05
Cuml. June 4	57.1	[illegible]	.....	8.38
(Accum. Units)	62.7	[illegible]	.....	8.38
Field Intnl. June 5	58.6	[illegible]	+1.0	3.83
(Accum. Units)	58.6	[illegible]	+1.0	3.83
Glen June 3	57.2	[illegible]	.....	5.06
(Accum. Units)	78.9	[illegible]	.....	5.06
Marlboro June 3	51.2	[illegible]	.....	2.96
(Accum. Units)	61.2	[illegible]	.....	2.96
Van. Growth June 3	51.1	[illegible]	.....	4.44
(Accum. Units)	65.9	[illegible]	.....	4.44
Van Hy. June 3	65.7	70.0	.....	10.75
Vang. T'ee June 4	46.1	[illegible]	.....	6.51
(Accum. units)	52.0	[illegible]	.....	6.51
Wickmoor June 5	66.9	[illegible]	+0.6	5.98
(Accum. Units)	85.3	[illegible]	+0.9	5.98
Wick-Div. May 30	61.5	65.0	.....	10.91
Do. Accum.	80.1	85.0	.....	10.91

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

City of Westminster Assurance

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99⅜	97⅞	Exchequer 13pc 1980‡‡	99 5/16	.....	13.09	14.39
98⅝	96¾	Treasury 11½pc 1981‡‡	98 1/16	.....	11.73	14.75
93	90¾	Treasury 3½pc 1979-81	93	.....	3.76	14.31
96 3/16	93⅝	Treasury 9¾pc 1981‡‡	96 3/16	+1/16	10.10	14.22
95 1/16	91¼	Exch. 8¼pc 1981	95 1/16xd	+3/16	8.68	13.63
95 7/16	92¼	Exch. 9½pc 1981	95 7/16	+1/16	9.95	13.82
91¼	85½	Exch. 3pc 1981	91⅝	.....	3.27	10.53
98 11/16	96½	Treas. Variable '81§§	98⅝	.....	16.75	17.25
98⅛	95 3/16	Exch. 12¾pc 1981‡‡	98	+⅛	13.01	14.25
92⅝	88½	Treas. 8½pc '80-82‡‡	92⅝	+⅛	9.18	13.70
88¾	82½	Treasury 3pc '82‡‡	88⅝	.....	3.39	10.47
100⅛	96⅝	Treasury 14pc '82‡‡	100 1/16	+1/16	13.99	13.88
97⅜	94¼	Treas. Variable '82§§	97⅜xd	.....	16.89	18.17
90⅝	86¼	Treasury 8¼pc '82	90⅞xd	+⅛	9.08	13.46
91	86¾	Exch. 9¼pc 1982	91	+3/16	10.16	13.90
90	85	Exch. 8¾pc 1983	90	+⅛	9.72	13.47
81¼	76½	Exch 3pc '83	81⅝	+⅛	3.68	11.00
95¼	90⅞	Treasury 12pc 1983‡‡	95¼	+3/16	12.60	14.08
95⅞	90⅝	Treas. Variable '83§§	95⅞	.....	17.36	18.64
92¾	84½	Treasury 9¼pc '83	88 11/16	+3/16	10.43	13.82
98 7/16	94¼	Exch. 13½pc '83	98 7/16	+⅛	13.71	14.05
89 15/32	84½	Exch. 10pc 1983	89¾xd	+¼	11.14	13.78
81¼	76½	Funding 5½pc '82-84‡‡	80⅞	.....	6.80	11.19
92 7/16	87¼	Exch. 11¼pc 1984	92 7/16	+3/16	12.17	13.88
100 1/16	94½	Exchequer 14pc 1984	99 13/16	+3/16	14.01	14.00
73 1/16	68¾	Exch. 3pc 1984	73 1/16xd	+3/16	4.11	11.47
94⅝	88⅝	Treasury 12pc 1984	94 7/16	+⅛	12.71	13.71
104⅛	98	Treasury 15pc 1985	103 7/16	+⅛	14.50	13.94
—	—	Treasury 3pc 1985	69	.....	4.35	11.35

Five to Fifteen Years

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
97⅝	90⅛	Exch. 12¼pc 1985	95¼	[illegible]	12.93	13.63
87¾	79¾	Treasury 8½pc '84-86‡‡	83⅝xd	[illegible]	10.07	12.21
102⅛	91	Exch. 13¾pc 1987	102¼	[illegible]	13.62	13.86
76⅝	70¾	Funding 6½pc '85-87‡‡	76⅝	[illegible]	8.55	11.65
79⅝	72¼	Treasury 7¾pc '85-88‡‡	79½	[illegible]	10.10	12.57
60⅞	54⅞	Transport 3pc '78-88	59½xd	[illegible]	5.02	10.54
91⅝	83	Treasury 11½pc 1989	91½	[illegible]	13.04	13.85
64⅛	58⅝	Treasury 5pc '86-89	63⅜	[illegible]	7.98	11.65
100¾	89¾	Treasury 13pc 1990‡‡	100⅝	[illegible]	13.61	13.83
77½	69⅞	Treasury 8¼pc '87-90‡‡	74¾xd	[illegible]	11.01	12.75
92⅝	82½	Treasury 11¾pc 1991	86⅞xd	[illegible]	13.36	13.96
64⅝	57½	Funding 5¾pc '87-91‡‡	62⅝	[illegible]	9.33	12.22

Over Fifteen Years

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
52½	48¾	Trs. 13½pc '04-08 (£50pd)	52	+⅛	13.90	13.91
50⅛	42⅞	Treasury 5½pc '08-12‡‡	47¼	+⅜	11.98	12.28
64⅞	57½	Treasury 7¾pc '12-15‡‡	64½	+½	12.56	12.66
94⅝	85⅛	Exch. 12pc '13-'17	90xd	+⅝	13.30	13.31

Undated

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
32⅝	29	Consols 4pc	32	+¼	13.06	—
33¾	28⅞	War Loan 3½pc‡‡	31⅝	+⅛	11.08	—
37¾	32¾	Conv. 3½pc '61 Aft.	34⅝	+¼	10.30	—
25⅛	21⅝	Treasury 3pc 66 Aft.	23½	+⅛	13.05	—
22⅞	19½	Consols 2½pc	20⅝xd	+⅛	12.15	—
20⅞	17⅞	Treasury 2½pc	19⅞	+⅛	12.87	—

INTERNATIONAL BANK

86	78	5pc Stock '77-82	85¾	.....	5.85	12.74

CORPORATION LOANS

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
90¼	83⅝	Bath 11¼pc 1985	90¼	+¼	12.61	14.15
98¼	89½	Birm'ham 12½pc 1985	94xd	+½	13.30	14.20
98½	96¾	Bristol 13¾pc 1981	98½	+⅛	13.98	15.99
98¾	90	Burnley 13pc 1987	96xd	+¼	13.52	13.92
89½	82¾	Cardiff 11pc 1986	88¼	+¼	12.64	14.13
96½	93	G.L.C. 12½pc '82	96½	+¼	12.96	14.59
95	90¾	Do. 12½pc 1983	94¾	+½	13.19	14.60
89¼	84¾	Glasgow 9¼pc '80-82	89¼	+¼	10.37	14.66
71¾	64½	Herts 6¾pc 1985-87	71¾	+¼	9.72	13.53
86¾	81¼	Liverpool 9¾pc '80-84	86¾	+¼	11.24	14.22
27	24	Do. 3½pc Irred.	25¼xd	.....	13.94	—
96¾	92¼	Lon. Corp. 13¼pc '83	96½	+½	13.73	14.55
87¾	79¼	Do. 9¼pc '84-85	87¾	+¼	10.74	12.90
75	71	L.C.C. 5½pc '82-84	75	+½	7.33	13.60
66	60½	Do. 5½pc '85-87	64xd	+¼	8.58	13.98
66	60¾	Do 6¾pc '88-90	65½	+¼	10.74	13.63
23¾	21	Do. 3pc '20 Aft.	21¾xd	.....	14.03	—
97¾	95⅛	Newcastle 9¼pc '78-80	97¼	.....	9.46	17.42
93½	87¾	Sunderland 12¼pc 1984	93	+¼	13.17	14.39

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
87¾	82¼	Aust. 5½pc '81-82	87¼	.....	6.38	14.27
79½	72½	Do. 6pc 1981-83	78¾xd	+¼	7.62	13.89
64	58	N.Z. 7¼pc 1988-92	60½xd	+¼	11.85	13.99
78¼	72	Do. 7½pc '83-86	75¾xd	+½	9.93	13.56
94	88	Sth. Africa 9½pc '79-81	94	+¼	10.20	14.98
160	107	Sth. Rhod. 2½pc '65-70	149	.....	—	—
167	133	Do. 6pc '78-81	159	–1	—	—

LOANS

Public Board and Ind.

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
61½	56½	Agric. Mt. 5pc '59-89	59xd	.....	8.42	12.65
80	73½	Alcan 10½pc '89-94	75xd	.....	14.00	14.80
28½	25	Met. Wtr. 3pc 'B'	27½	+¼	11.22	13.26
103	89	U.S.M.C. 9pc 1982	103	.....	8.75	—
91	85½	Do. without Warrants	91	.....	10.40	16.28

LOANS—Continued

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

1980 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's	P/E
£76½	£56	Algemene Fl.100	£63	+1	Q25%	1.9	[illegible]	6.7
365	290	Allen Harvey £1	330	.....	21.5	—	9.[illegible]	—
128	96	Allied Irish	96xd	.....	08.93	—	[illegible]	—
17	13	Ansbacher (H.) 5p	14½xd	.....	0.15	—	[illegible]	—
235	180	Arbuthnot L. £1	220	.....	†10.42	—	[illegible]	—
360	283½	Bk. Ireland £1	285xd	.....	Q23.51	—	[illegible]	—
£162	£134	Do. 10pc Conv.	£134	.....	Q10%	—	f7.[illegible]	—
*8	5	Bk. Leumi $0.3	6	.....	Q11.4%	—	1.[illegible]	—
120	100	Bk. Leumi (UK) £1	120	.....	8.57	—	10.[illegible]	—
178	135	Bk. N.S.W. $A1	139	–2	Q16c	ϕ	[illegible]	ϕ
306	235	Bank Scotland £1	245	+5	15.0	5.1	8.7	3.1
£21	£16¼	Bankers N.Y. $10	£20½	.....	Q$3.30	—	7.2	—

BANKS & HP—Continued

Hire Purchase, etc.

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Central African

[illegible]

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
25	21	Acmex 50c	25	—	—	—	—
24	12	ACM 20c	16	+1	—	—	—
100	52½	Bond Corp.	100	—	Q2.8c	2.2	1.4
156	88	Bougainville I Kina	127	—1	Q26.2c	1.8	11.4
265	195	BH South 50c	200	—	♦	—	—
25	11½	Canada Northwest	23	—	—	—	—
42	8	Carr Boyd 20c	31	—	—	—	—
£30	£15¾	Central Pacific	£30	+¼	—	—	—
356	230	Conzinc Riotinto 50c	274	—6	Q15c	2.1	2.8
39	17	Cultus Pacific N.L.	36	+1	—	—	—
50	20	Eagle Corp. 10c	36	—	—	—	—
26½	15¾	Endeavour 20c	26½	—	—	—	—
350	175	G. M. Kalgoorlie 25c	346	+36	†Q3c	—	0.4
46	15	Great Eastern	22½	—	—	—	—
395	260	Hampton Areas 5p	365	—5	3.5	2.8	1.4
82	30	Haoma Gold N.L.	82	+7	—	—	—
720	80	Leichardt Expln.	270	—5	—	—	—
72	41	Metals Ex. 50c	61	+2	—	—	—
312	187	M.I.M. Hldgs. 50c	238	+6	†Q6.1c	1.8	3.5
20	7	Minefields Expl. 25c	15	—	—	—	—
155	60	Mount Lyell 25c	94	—2	—	—	—
28	15	Newmetal 20c	22	+1	—	—	—
35	12	Nickelore N.L.	22	—	—	—	—
207	137	North B. Hill 50c	177	+2	†Q12c	1.4	3.5
80	44½	Nth. Kalgurli	80	+2	—	—	—
165	90	Nth. Mining Corp.	145	—	—	—	—
65	24	N. West Mining N.L.	66	+2	—	—	—
235	144	Oakbridge $A1	195	—	Q12c	4.7	3.2
122	70	Oilmin N. L.	105	+5	—	—	—
230	128	Pacific Copper	224	+12	—	—	—
465	255	Pancont'l 25c	310	—20	—	—	—
78	42	Paringa M&Ex. 5p	62	+7	—	—	—
495	335	Peko-Wallsend 50c	410	—5	†Q17.5c	♦	2.2
230	140	Seltrust A	162	+2	—	—	—
£11¾	575	Southern Pacific	£11½	—¼	—	—	—
75	31	Swan Resources 20c	65	—	—	—	—
13	8	West Coast 25c	8	—	—	—	—
264	177	Westn. Mining 50c	245	+3	†Q7c	1.6	1.5
30	10	Westmex	14	+1	—	—	—
96	56	Whim Creek 20c	94	—	—	—	—
24	10½	York Resources	24	—	—	—	—

Tins

1980 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
25	14	Amal Nigeria 1p	15	—	‡6.0	—	—
345	255	Ayer Hitam $M1	270	—	†Q290c	0.9	‡
67	42	Beralt Tin	49	—	4.5	3.2	13.1
190	149½	Berjuntai $M1	170	—	‡Q95c	1.0	‡
230	153	Geevor	205	—	8.71	3.1	6.1
11	10	Gold & Base 12½p	10½	—	—	—	—
400	310	Gopeng Cons.	370	—	†25.0	1.8	9.7
310	280	Hongkong	300	—	35.87	♦	17.1
105	90	Idris 10p	95xd	—2	14.0	♦	22.1
15	12½	Jantar 12½p	13xd	—	1.5	♦	16.5
82	64	Kamunting $M0.50	75	—	Q47½c	1.1	14.2
225	150	Killinghall $M1	225xc	—	h050c	♦	4.5
730	485	Malay Dredging $M1	730#	—	♦Q105c	2.6	2.9
33	26	Pahang	32	—	0.44	0.3	2.0
108	90	Pengkalen 10p	92	—	6.0	1.3	9.3
290	230	Petaling $M1	285xd	+20	†Q150c	1.4	11.0
70	57	Saint Piran	65#	—	‡2.5	6.4	‡
44	28	South Crofty 10p	32	+2	‡3.0	2.0	‡
255	180	South Kinta $M0.50	250#	—	♦Q150c	1.0	12.2
450	340	Sthn Malayan $M1	450#	—	♦Q37½c	2.1	7.9
295	215	Sungei Besi $M1	275	—	†Q520c	1.0	38.5
39	22½	Supreme Corp. $M1	38	—	h08c	—	4.3
100	92	Tanjong 15p	92xd	—	24.5	♦	7.0
95	80	Tongkah H. Tin	88	—	Q45c	1.3	12.6
275	220	Tronoh $M1	240xd	—	Q250c	0.7	21.2

Copper

1980 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
235	130	Messina R0.50	180	—	mQ18c	♦	3.2

Miscellaneous

1980 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
170	78½	Anglo-Dominion	160	—10	—	—	—
97	56	Barymin	58	+1	—	—	—
17	12	Burma Mines 10p	16½	—½	0.62	1.1	5.4
502	320	Cons. Murch. 10c	330	—	MQ100c	1.8	18.0
585	325	Northgate C$1	400	+30	—	—	—
485	327	R.T.Z.	383	+8	15.0	3.2	5.6
33	16	Robert Mines	23	—	—	—	—
58	26	Sabina Inds. C$1	38	—	—	—	—
650	411	Tara Expln. $1	460	+20	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ※ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ※ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✠ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or —
Albany Inv. 20p	29	—
Bertam	17	—
Bdg'wtr. Est. 50p	405	—5
Clover Croft	60	—
Craig & Rose £1	£10½	—
Fife Forge	32½	—
Finlay Pkg. 5p	18	—
Graig Ship. £1	£14½	—
Higsons Brew.	73	—
Holt (Jos) 25p	250	—
I.O.M. Stm. £1	180	—
Pearce (C. H.)	455	—
Peel Mills	48	—
Sheff. Refrshmt	103	—
Sindall (Wm.)	140	—

IRISH

Stock	Price	+ or —
Conv. 9% '80/82	£98⅞	—
Nat. 9¾% 84/89	£76¼	+⅜
Fin. 13% 97/02	£84⅝	+¼
Alliance Gas	45	—3
Arnott	365	—
Carroll (P.J.)	50	—
Clondalkin	116	—1
Concrete Prods.	75	—
Heiton (Hldgs.)	36	—
Ins. Corp.	245	—
Irish Ropes	95	—
Jacob	35	—2
T.M.G.	90	—
Unidare	95	—1

OPTIONS
3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	27	Utd. Drapery	6½
BOC Intl.	6	"Imps"	6½	Vickers	12
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	8	Inveresk	4	**Property**	
Barclays Bank	34	Ladbroke	15	Brit. Land	7
Beecham	10	Legal & Gen.	15	Cap. Counties	9
Blue Circle	25	Lex Service	8	Land Secs.	24
Boots	16	Lloyds Bank	24	MEPC	17
Bowaters	15	"Lofs"	3½	Peachey	13
B.A.T.	20	London Brick	6	Samuel Props.	12
Brown (J.)	7	Lucas Inds.	17	Town & City	2
Burton 'A'	10	"Mams"	14	**Oils**	
Cadburys	5½	Mrks. & Spncr	8	Brit. Petroleum	32
Courtaulds	0	Midland Bank	26	Burmah Oil	20
Debenhams	8	N.E.I.	5	Charterhall	20
Distillers	17	Nat. West. Bank	27	KCA	11
Dunlop	7½	P & O Dfd.	10	Premier	13
Eagle Star	15	Plessey	14	Shell	35
F.N.F.C.	2¼	Racal Elect.	22	Tricentrol	40
Gen. Accident	21	R.H.M.	4½	Ultramar	35
Gen. Electric	30	Rank Org.	15	**Mines**	
Glaxo	18	Reed Intnl.	16	Charter Cons.	14
Grand Met.	12	Sears	5	Cons. Gold	40
G.U.S. 'A'	34	Tesco	6	Lonrho	8
Guardian	23	Thorn	23	Rio T. Zinc	35
G.K.N.	20	Trust Houses	12		
Hawker Sidd.	15	Tube Invest.	23		
House of Fraser	15	Unilever	40		
		U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

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FINANCIAL TIMES
Friday June 6 1980

BP first quarter profit up to £504.7m

BY MARTIN DICKSON, ENERGY CORRESPONDENT

BRITISH PETROLEUM yesterday announced a first quarter net profit of £504.7m—up 87 per cent on last year's £270m—but warned that its chemicals and plastics sales had suffered a "sharp deterioration" in practically all areas since March.

The company said its net income on a current cost basis—which it argues gives a more realistic profit estimate—was £161m, up 34 per cent on last year's £120m.

Its comments on the chemicals sectors coincided with a sombre forecast by the Chemical Industries Association, which sadi that "already inadequate profit margins will be squeezed further." Meanwhile, ICI's shares fell 10p on the day to close at 356p.

BP said that although its chemicals and plastics sales performance had been satisfactory for much of the first quarter, the position had deteriorated since March, "particularly in the UK, where product selling into the textile and construction industries is hadly down."

The Association said in its spring economic bulletin that reports from major companies indicated that business for the first quarter was better than had been expected, particularly in view of the steel strike.

But it added: "Over the next few months, in the face of falling demand, a relatively high pound and the probable intensification of competition from cheap imports of petrochemicals and derivatives from the U.S., it is going to be increasingly difficult for chemical manufacturers, especially those in the petrochemicals/plastics sectors, to secure adequate price levels.

"At the same time there is little likelihood of an early and significant easing of the rate of general cost inflation, so that already inadequate profit margins will be squeezed further."

The Association noted that over the first three months of 1980 the price index of raw materials and fuels purchased by the chemicals industry had sbown an average increase of 42 per cent from the same period of 1979—much of it rue to a large rise in tha price of feedstocks. It added that the persistence of a high exchange rate did not augur well for the future profitability of exports.

The aector's problems were underlined by Mr. Don Hindson, finance director for ICI's plastics division, who said in the company's newspaper, Plastics News, that the division had experienced much more difficult trading conditions since the end of the first quarter.

Both British and continental sales had been declining as the recession started to bit. The general fall in demand in Western Europe and the expectation of more stable raw materials prices had led to destocking by downstream industries, which had further reduced current sales.

Report Page 25

Sharp rise in overseas investment

By David Marsh

UK RESIDENTS sharply increased their purchases of foreign securities in the first quarter of this year following the abolition of exchange controls last October.

The ending of controls has also prompted British banks to step np lending of sterling overseas. But capital outflows in the first quarter were heavily nutweighed hy inflows as international investors — including foreign central hanks — continued to move large amounts of funds into sterling.

This gave the UK a surplus of about £1bn on its overall capital transactions with the rest of the world, in linc with the average quarterly figure for net inflows last year.

The surplus was more than enough to finance the deficit on the current account of the balance of payments, allowing the Government to increase the reserves and make further fnreign deht repayments.

Central Statistical Office figures published yesterday show that overseas portfolio investment — mainly purchases of foreign currency securities — rose by £461m in the first quarter, up 55 per cent from the last quarter of 1979.

The upsurge in overseas portfolio investment was stimulated by the relaxation of exchange controls last summer, a prelude totbeir abolition in the antumn. In the July to Marcb period, purchases on foreign markets totalled just over £1bn, compared with £608m in the three previous quarters.

Sterling lending overseas by the banks increased hy over £400m during the first quarter, also stimulated by the removal of controls on loans to foreigners. Direct investment overseas by British companies fell hack slightly, partly as a result of the squeeze on corporate liquidity. Excluding oil companies, investment fell by more than 50 per cent.

Ov erseas residents increased their boldings of sterling by £742m, followin gan increase nf £3bn last year. The main component of the first quarfer increase was a rise of £460m in foreign central banks' reserves held in sterling deposits and Money market liabilities. Most of this represented inflows from oil exporting states.

Table, Page 7

Britain's problems 'may delay new EEC entries'

BY DAVID WHITE IN PARIS

PRESIDENT Giscard d'Estaing of France yesterday warned that Britain's differences with its EC partners might delay the entry of new members.

He told farmers' leaders that the problems and uncertainties over the cobesion of the Community of nine bad to be resolved before any further countries could join. Without specifically namiog Britain, he said recent negotaitions had shown that some new members were still not fully integrated into the Community.

A presidential aide said M. Giscard's comments did not affect the position of Greece, which becomes a member next year and wbose entry terms France has already ratified. But he added that France's position on the timing of Spanish and Portuguese entry depended on the progress made on issues affecting Britain'a relations with the rest of the Community.

France has backed the entry of Spain and Pnrtugal, on the condition that a satisfactory snlution is found in sensitive areas of farm competition. France's reservations on this suhject have become more evident in recent months, although President Giscard reassured the Spanish Prime Minister, Senor Adolfo Suarez, In Paris last November that his position towards Spanish entry had not changed.

France has already made clear it favours a long transitional period for incorporating Spain into the common agricultural policy.

Giles Merritt adds from Brussels: The EEC Commission announced yesterday that a special aid package of 350m European Units of Account (about £240m) has heen agreed to help Portugal hoost its economic development during the run-up to its membership, expected for 1983.

Schloemann Siemag China deal

BY ROGER BOYES IN BONN

A MULTI-NATIONAL consortium, led hy Schloemann Siemag, the West German steel engineering concern, bas won a DM 1.3bn (£7,312m) contract from China for the supply and construction of a large steel cold rolling mill. The contract, signed in Shangbai yesterday, is helieved to be one of the largest with China ever clinched by a European group.

Tbe company said yesterday that the mill would be able to produce 2.1m tonnes of steel plate annually after coming on stream in 1985. Tbe mill will be an integral part of the Paoshan lron and steel works heing built by Nippon Steel outside Sbanghai.

Nippon Steel is also part of the 17-member consortium and this should ease integration of the rolling mill intn the Paoshan plant. The consortinm is largely made np of eWst German concerns—including Slemens and AEG, which will supply the necessary electronics, M.A.N., whicb will supply part of the plant and Hochtief which will deal with the construction work.

Wean United of Pattshurgh in the U.S. and the Austrian industrial plant specialist Ruthner Industrieanlagen are also part of the consortium.

Last December another West German company, Mannesmann-Demag, concluded a DM 440m (£116m at the time) order to huild a 500,000-tonne a year pipe mill, also at the Paoshan complex.

The contract has come as a relief to the Schloemann Siemag and other German companies trading with China because of fears that Peking was about to scale down its demand for large turn-key projects in general and steel works in particular.

After entertaining high hopes for China trade during the 1970s, West German business has increasingly felt the pinch from Chinese retrenchment and Japanese competition.

Steel documents to be published

BY ALAN PIKE

THE Commnns Welsh Affairs Committee is to use Parliamentary privilege to publish part of a sub-judice document dealing with the effect of steel closures on the Welsh economy.

At a meeting yesterday the chairman, Mr. Leo Abse, Labour MP for Pontypool, told senior British Steel Corporation representatives that a secret document had come into the committee's possession.

It was, said Mr. Ahse, one of certain documents wbicb were sub-judice.

But the committee had decided that it should publish a membrandum to the BSC board from Mr. Bob Scholey, chief executive, dated January 17.

This said that the scale and rapidity of the necessary manpower reductions in South Wales were of a magnitude never encountered before in a relatively small geographical area.

The document referred to a "strong and growing reaction," following closures at other Welsh plants like Ebbw Vale

Mr. Abse said that the committee had also decided to publish an appendix to the document dealing with the implications of the South Wales steel closures on the coal industry.

BSC executives, including Sir Charles Villiers, chairman, Mr. Ian MacGregor, who becomes chairman next month, and Mr. Scholey appeared before MPs at yesterday'a hearing.

Mr. MacGregor, repeating previous hints about the possihility of fnrther redundancies, said the corporation had to consider carefully whether business assumptions made last autumn were still valid.

Granada hearing, Page 7

Railmen win union battle

By Philip Bassett, Labour Staff

THREE BRITISH RAIL emplnyees sacked for refusing to join a recognised trade union have won a lnng legal battla to have their case heard by the European Court of Human Rights.

The Government took tha opportunity of the announcement in Strasbourg of the result of tha European Commission's inquiry into the case to attack the principle and workings of the closed shop, which will be suhject to reform when the Employment Bill hecomes law.

The Department of Employment said the Government "deeply dislikes" the closed shop and had explained to the Commission its "very different stance" on the issue to that of the last Labour Government.

The Department said the Government had always insisted that the closed shop "unfairly affected people like the unfortunate ex-British Rail employees in this case."

Though the Commission's report dos not say the closed shop is in breach of the European Convention on Human Rights, the Department said the Employment Bill would right the wrong when it became law. It aded that, if it bad been law at the time of the dismissals in 1976, the case would not have been necessary.

The Commission ruled by 14 votes to 3 that the rights of Mr. Ian Young, Mr. Noel James and Mr. Ronald Webster under the Convention's article on the freedom of association had been volated when they were among 54 employees sacked by BR.

The case will now be considered by seven jndges, headed by the president of the Strasbourg court, Sig. Giorgio Pallieri, though the Commission set no date for a public hearing.

Harvard Securities

IN AN article in yesterday's Financial Timea headed "Broker to take Stock Exchange to court it was stated that the Stock Exchange "had found instances in wbicb Harvard Securities, a firm of licensed dealars, evaded stamp duty on certain transactions" and that Harvard admitted one of these cases.

We have since been informed that this statement is untrua and we apologise for any embarrassment to Harvard wbich may bave occurred.

In the case referred to, Harvard told the Stock Exchange that stamp duty bad been unpaid as a result of an error on the part of its hrokers.

Kraft and Dart agree on merger

BY IAN HARGREAVES IN NEW YORK

KRAFT, THE Chicago food company, and Dart Industries, which makes Tupperware containers, yesterday announced agreement on terms for a friendly merger to create a company with sales of over $9bn this year.

The move, if accepted by shareholders, would make Dart and Kraft, as the company would be called, one of the top 25 industrial companies in the U.S.

Tbe formula for the merger is intended to re-assure shareholders from both camps that they are getting an equitable deal. Each Kraft and each Dart common sbare will ba excbangeable for one share in Dart and Kraft.

Mr John Richman, chairman of Kraft, will be chairman and chief executive of the company and Mr Justin Dart, chairman of Dart, will be chairman of the new company's executive committee, giving him an important voice in policy decisions.

Tbe company's headquarters will be in Kraft's bome state of Illinois rather than California, where Dart is based.

Both cbairmen said yesterday that they saw the merger as a means of diversifying which would increase opportunities for both companies.

Kraft is mncb the larger partner in the deal in terms of sales. Last year its worldwide sales, 28 per cent of which come from outside the U.S., totalled $6.4bn, on which it earned $188m.

Dart had sales of $2.4bn, but its profits almost matched those of Kraft at $171m. Apart from Tupperware, Dart owns the U.S. company P. R. Mallory, which makes Duracell batteries, and various other bomeware plastics and glass interests.

Spending cuts delay road schemes

BY LISA WOOD

MORE than 100 road schemes, many of which had been given starting dates, have been put on ice by the Government because of public expenditure cuts. Many will not be started for 10 years or more.

The Gnvernment's White Paper on its road programme, published yesterday, says that spending on trunk road construction and improvement is to be limited to about £300m a year (1978 prices) over the next four years.

This is ronghly in line with the level of expenditure of the last years of the Labour Government after its major cuts three years ago.

Priority in the latest White Paper has been given to major industrial routes, such as the £25 orbital motorway around London and the orbital routes around Manchester and south of Birmingham.

Improvements to routes to the ports, including the A13 to Tilbury and routes to Hull and Immingham, should all be completed by the mid-1980s.

The White Paper picks out two other key areas of work. Expenditure on motorway and trunk road maintenance is planned to average more than £90m a year (1978 prices), significantly higher than in previous years. Several by-pass schemes are also to be hrought forward.

The total programme contains nearly 400 schemes, at an estimated cost of nearly £3.5bn (1978 prices).

Schmes such as the M40 from Oxford to Birmingham and the expansion of the North Circular Road to London's docklands have been scheduled to start after the end nf 1983. Mr. Norman Fowler, Minister for Transport, said: "We are preparing these as fast as possible. They should not be held up for lack of resources."

The British Road Federation said successive spending cuts had gone too far in paring away the cash available for roads.

The Automobile Association and the Federation of Civil Engineering Contractors also criticised the White Paper. The latter said it was disappointed by the Government's statement that the motorway network is now almost complete.

"We can all see the overworked parts of the motorway system which are crumbling, energy wasteful and inefficient in serving industry."

Weather

UK TODAY

CLOUDY, with sunny intervals in England and Wales, and some showers. Temperatures near normal.

E. and N.E. England, E. Anglia, Borders, Edinburgh, Dundee and Aberdeen areas, Moray Firth, N.E. Scotland, Orkney and Shetland

Sunny intervals and thundery showers. Max. 22C (72F).

Elsewhere

Scattered showers, sunny intervals. Max 21C (70F).

Outlook: Some showers, thundery at times. Temperatures near normal.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	21	70	Lisbon	F	25	77
Algiers	F	29	84	Locarno	S	24	75
Amsdm.	S	24	75	London	F	25	77
Athens	S	22	72	Luxmbg.	F	24	75
Bahrain	S	37	99	Madrid	S	33	91
Barclna.	S	23	73	Majorca	F	25	77
Beirut	S	23	73	Malaga	C	25	77
Belfast	F	18	64	Malta	S	24	75
Belgrd.	C	20	68	Mchstr.	C	27	80
Berlin	S	25	77	Melbne.	C	11	51
Biarritz	C	17	63	Milan	S	27	80
Bmghm.	F	25	77	M'ntreal	S	19	66
Blackp'l	Th	16	61	Moscow	R	13	55
Bordx.	C	16	61	Munich	C	19	66
Boulgn.	F	23	73	Nairobi	C	21	70
Bristol	S	21	70	Naples	F	20	68
Brussels	S	24	75	Nwcstl.	C	25	77
Budpst.	Th	24	75	N. York	S	20	68
B. Aires	S	12	53	Nice	C	19	66
Cairo	S	30	86	Nicosia	S	23	73
Cardiff	C	18	61	Oporto	C	18	66
Casbca.	F	28	82	Oslo	S	27	80
Cape T.	S	18	64	Paris	S	25	77
Chicago	C	22	72	Perth	C	15	60
Cologne	S	24	75	Prague	F	21	70
Cpnhgn.	S	22	72	Reykjvk.	R	8	46
Corfu	S	23	73	Rhodes	C	21	70
Dublin	C	18	64	Rio J'o	S	23	73
Dbrvnk.	C	18	64	Rome	F	21	70
Ednbgh.	Th	19	66	Salzb'rg	C	15	59
Faro	F	30	86	Singapr.	R	29	84
Florence	S	22	72	Stckhm.	F	25	77
Frankf't	F	25	77	Strasb'g	S	24	75
Funchal	S	21	70	Sydney	R	15	60
Geneva	S	20	68	Tangier	C	30	86
Gibrltr.	F	22	72	Tehran	S	28	82
Glasgow	R	16	61	Tel Aviv	S	23	73
Helsinki	S	22	72	Tokyo	C	25	77
H. Kong	S	26	72	Toronto	S	15	66
Invrnss.	R	12	64	Tunis	S	25	77
I.o.Man	C	12	54	Valencia	S	26	79
Istanbul	F	13	68	Venice	F	24	75
Jersey	Fg	14	57	Vienna	F	22	72
Jo'burg	S	15	59	Warsaw	C	18	64
L. Plms.	S	22	72	Zurich	S	21	70

C—Cloudy. F—Fair. Fg—Fog. R—Rain.

هكذا من الأصل

THE LEX COLUMN

Land Securities' equity route

Tha Bank of England's decision to make the clearing banks huy back the £1bn of gilt-edged stock that it bought off them at the height of the money market sqneeze during the winter should bring the market back to a more or less normal footing. In the short run, though, the clearers' repurchase ought to keep things tight enough—even with the heavy Government spending now going through—to enable the Bank to stay in control by forcing the discount market to borrow at 17 per cent.

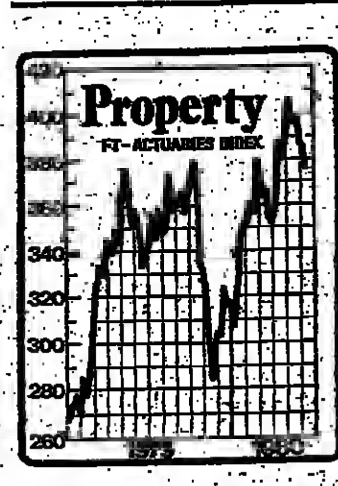
Land Securities

Whatever has been happening in the manufacturing sectors, property share prices have been buoyant this year—the sector index was more than a fifth up on the end-1979 level before yesterday's setback—and the temptation to raise naw money nn a "cheap" yield of 4.2 per cent has been too strong for Land Securities to resist. Instead of drawing on a £60m stand-by facility, which would have cost a small margin over LIBOR, the company has launched a one-for-six rights issue at 263 pto raise £108m. It thus follows in the footsteps of MEPC a year ago, and of Hammerson last autumn, in expanding its equity base.

The fact that Land Securities has been able to do this without any kind of profit or dividend forecast, and at an immediate dividend cost which is only half the market average, is enough to make the average hard-pressed finance director cry into his cash flow budgets. Such an ostentatious — even provocative—move is likely to cause envious eyes to be cast on the current prosperity of the property sector—the group's properties are estimated to have jumped in value by 25 per cent last year. Many property men remember Land Securities' political miscalculation in 1973, when a dramatic mid-year revaluation was an important factor behind the introdnction of new taxes on the property sector.

However, this is no time for anti-property measures. What the rights issue implies is a distinct nervousness about the future so that Land Securities is unwilling to borrow to finance refurbishment projects even though existing net debt appears to amount to only some 16 per cent of capital employed. Shareholders dreaming of geared-up capital growth will have to think again, now that gearing has almost disappeared; and Land Securities cannat be confident of obtaining capital appreciation at much greater than the inflation rate if it is unwilling to finance marginal projects hy using debt at an interest rate roughly in line with inflation, or cheaper. Down 18p to 310p on the news, the shares sell at a discount of roughly 35 per cent on assets after the rights issue.

Index rose 0.4 to 423.4



BP

Anyona curious to know how BP went on in the first quarter of 1980 may still be baffled after reading the group's published figures. BP gives a historic cost net earnings figure—up from £270m to £505m—which it believes to be misleading, and a "more realistic" current cost profit of £161m, against £120m. But there is nothing to show bow one is derived from the other, or even what the cost of sales adjustment might have been. Neither figure is strictly comparable with results published by any other international oil company.

At least BP provides current cost figures for its share of Sohio's earnings. Without these, there is an increase of only £2m, to £84m, in real net earnings, even after a higher contribution from the North Sea.

Although the premium of spot market crude over official oil prices was relatively modest in the first quarter, BP was unable to recover the cost of its marginal supplies—which are not so marginal any more, even though its stocks must be high after the mild winter—in the downstream markets. Losses in Europe seem to have heen quite serious; over the last two months, higher pump prices in the UK have limited the damage, but demand for chemicals and plastics appears to have collapsed. BP'a upstream businesses will remain a joy to the tax authorities on both sides of the Atlantic, but the insufficiency of its supplies and its poor return on refining are major problems.

Electronic Rentals

With net debt of £90m, or nearly 1½ times shareholders' funds, Electronic Rentals has been hard hit by the high level of interest rates. Pre-tax profits have fallen by 17 per cent to £12.2m in the year to March, with exceptional items in the last two years more or less balancing out. The acquisition of BRW has helped push up trading profits by 22½ per cent, bnt margins have been squeezed and the 9 per cent increase in rental charges introduced in April has come none too soon.

High capital expenditure has been a key factor in keeping up the level of debt last year, and a drop of 30 per cent or so in the current 12 months should allow a start to be made on bringing down borrowings. But the company remains vulnerable to interest rates and the exceptions built into its internal budgets for an average MLR of 13 per cent in the year to March 1981 may prove optimistic. The share price, down 4p yesterday at 90p, also clearly reflects the expectation of a rapid fall in interest rates, producing an historic p/e of 16.7 after a low tax charge. The dividend, which is barely covered after the promised rise of nearly a quarter, provides a yield of 7 per cent.

Guthrie

Guthrie has predictably reached its March forecast with something to spare and pre-tax profits are up by almost 32 per cent to £27.5m. The foreshadowed dividend of 30p per share yields 6.2 per cent at 712p which is reasonably in line with the income available from Harrisons & Crosfield but the fully taxed p/e of almost 18 still takes account of Sime's currently somewhat intangible presence.

Guthrie is optimistic for the current year, despite the commodity price shake-out. The rubber crop is expected to rise by perhaps 5 per cent and oil palm yields could increase by a tenth. The crop, moreover, has largely been sold up to four months forward at strong prices. British Carpets has probably lost about £1m pre-tax but the group seems relaxed about the scope of involvement in the UK textiles industry.

With tight holdings drawn up extensively on both sides of the bid battle lines, the shares can be expected to perform erratically until the Sime [illegible] is resolved one way or another.

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V G H